

264/08 – REVIEW OF METERING DISPENSATIONS AND NON-STANDARD BM UNIT APPLICATIONS – FINAL REPORT

MEETING NAME BSC Panel Meeting

Date of meeting 9 March 2017

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Purpose of paper Decision

Classification Public

Summary ELEXON has completed its review of Metering Dispensations and non-standard BM Unit applications. ELEXON initiated this review at the request of the Balancing and Settlement Code (BSC) Panel. This paper summarises our main findings and recommendations. We have attached our Final Report to this paper. We now seek the Panel's endorsement of our Final Report and recommendations, and that it provides views on prioritising the implementation of our recommendations.

1. Background

- 1.1 The BSC Panel identifies key strategic work in its Strategic Work Programme. Amongst other things, the Work Programme includes the need to complete a 'Review of Dispensations and CoPs [Codes of Practice]'.
 - 1.2 On 12 May 2016, the Panel agreed the scope for this review ([Panel 252/13](#)).
 - 1.3 Assuming that the overall level of assurance provided by the CoPs remains appropriate (e.g. in terms of Settlement accuracy), the Panel agreed that ELEXON should complete a review of Metering Dispensations and non-standard BM Units to:
 - identify themes and observations from existing Metering Dispensations and non-standard BM Units that could identify the need for lifetime or generic Metering Dispensations and lead to a reduction in future Metering Dispensation and non-standard BM Unit applications; and
 - consider reviewing the CoPs if ELEXON's review of Metering Dispensations and non-standard BM Units identifies issues or opportunities for improvement.
 - 1.4 Please note that the scope of this review was set specifically to consider what we can learn from past applications, rather than to consider from first principles whether the requirements and processes for allowing and considering Metering Dispensations and non-standard BM Units are correct.
 - 1.5 In addition, the Panel agreed that the review would be a BSC Review in accordance with [BSC Section C 'BSCCo and its Subsidiaries'](#) paragraph 3.8. ELEXON must complete such a review at least once every two years and not more often than once every year.

2. Main observations

Metering Dispensations

- 2.1 Between 1990 and 1 July 2016, Parties have submitted 465 Metering Dispensation applications, with around half of these having been raised because of major regulatory changes (i.e. liberalisation during the 1990s and early 2000s, and introduction of OFTO arrangements) and the other half due to non-compliant or incorrectly located Metering Equipment. Of 29 million Supplier Volume Allocation (SVA) and Central Volume Allocation (CVA) Metering Systems, there are only 216 specific Metering Dispensations and 21 generic Metering Dispensations that are currently active.

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- 2.2 In recent times, applicants have sought Metering Dispensations because the metering they installed (or planned to install) was not at the Defined Metering Point, or because the Metering Equipment itself did not comply with the requirements of the relevant Code of Practice. Besides the introduction of the OFTO arrangements in 2009, recent Metering Dispensations have not typically been because of substantive regulatory change.
- 2.3 Whilst we do not believe there is a case for changing the types or accuracy requirements of Metering Equipment, we recognise opportunities to make the requirements for locating metering clearer, to further consider the necessity for metering of low voltage assets at Offshore wind farms and to improve our guidance documentation and consultation processes.
- 2.4 We also propose to complete a detailed review of all existing differencing arrangements to ensure the registration of related Metering Systems remain fit for purpose.

Non-standard BM Unit applications

- 2.5 Since 2001, the Panel has approved 50 non-standard BM Unit configurations, with 11 having been approved between 1 January and 22 November 2016. However, we anticipate that Parties will submit a similar number of applications over the next six years, nearly doubling the number of non-standard BM Units.
- 2.6 Our Review suggests that technological innovation and changes in business practices have driven recent (and planned) non-standard BM Unit applications. In particular, we have experienced growing numbers of registrations of embedded BM Units consisting of multiple small Generating Units. In addition, the growth of and maturation of Offshore windfarms has required Parties to apply for non-standard BM Units to reflect the nature and constraints of configuring and allocating energy at these sites.
- 2.7 In light of recent and expected applications for non-standard BM Units, our most significant recommendations are to introduce four new, standard BM Unit configurations and the concept of a generic non-standard BM Unit. In addition, we believe there are opportunities to improve the process for application and keeping approved BM Unit configurations under review.
- 2.8 Finally, as part of our review we identified a small number of non-standard BM Units that lacked details of any formal approval. As such we also propose to review existing BM Units (as and when they are processed as part of ELEXON's normal operations) to identify unapproved non-standard BM Units and, where identified, to put in place remedial actions.

3. Summary of recommendations

- 3.1 In our Final Report (see Attachment A) we have made fifteen recommendations. Appendix 1 contains a table that summarises these recommendations. In particular, the table groups recommendations depending on whether they require a Modification Proposal (Modification), Change Proposal (CP), Issue Group or some other activity (e.g. changes to ELEXON processes or day to day operations). Please see our Final Report for the detail of each recommendation.
- 3.2 Bearing in mind the large volume of work that the industry already faces, ELEXON has started an internal review of our recommendations to determine in more detail how and when they can be delivered effectively. We will engage the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG) where appropriate to gather their thoughts on our plans and ultimately report to the Panel.
- 3.3 In order to inform our planning, we would welcome the Panel's thoughts on priorities. In particular, whether certain recommendations are of a higher priority than others and how implementing these recommendations fits into the Panel's broader strategy and priorities.

4. ISG and SVG

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- 4.1 We have shared our Final Report with the ISG and SVG. The ISG considered it on 21 February 2017 ([ISG191](#)) and the SVG considered it on 28 February 2017 ([SVG 193](#)).
- 4.2 Both committees noted the content of the Final Report and our recommendations. Neither committee raised any concerns with the Final Report or our recommendations.

5. Recommendations

- 5.1 We invite you to:
- a) **NOTE** the content of our Final Report;
 - b) **NOTE** that the ISG and SVG have reviewed our Final Report and recommendation;
 - c) **NOTE** that the Final Report represents the conclusion of a BSC Review and so will be sent to the Authority, included in Newscast and published on the BSC Website in accordance with Section C 3.8.6;
 - d) **ENDORSE** the recommendations summarised above and set out in our Final Report; and
 - e) **NOTE** that ELEXON will develop a plan to implement our recommendations and will return to the Panel to present our implementation plan.

Appendices

Appendix 1 – Table of recommendations

Attachments

Attachment A – 'Review of Metering Dispensations and non-standard BM Unit applications – Final Report'

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Appendix 1 – Table of recommendations

Modification	Recommendation #
Recommend a Modification to allow the same Party to register Import and Export BM Units for the same Plant and Apparatus.	10
Recommend a Modification to allow the following circumstances to be recognised as new standard BM Units: <ol style="list-style-type: none"> 1. Offshore Power Park Modules (PPMs) or Combined Offshore BM Units that may include any related onshore and / or offshore low voltage assets, subject to thresholds; 2. Multiple low voltage assets relating to Offshore PPMs that may have more than one Transmission System Boundary Point; 3. Any combination of Generating Units where all the units are connected to the Distribution System at a single Boundary Point and all units are controlled as a single BM Unit; and 4. Two or more onshore PPMs that are controlled as a single entity, with the express agreement of National Grid. 	11
Recommend a Modification to enable the Panel to agree 'generic' non-standard BM Unit configurations.	12
Recommend a Modification that requires Parties to consider re-applying for non-standard BM Unit configurations when the site changes.	13
CP	Recommendation #
Progress development of CP1479 to implement the recommendations of Issue Group 54	1
Recommend raising a CP to BSCP15 to make the non-standard BM Unit process clearer and introduce a standard application form. Also consider improving general guidance.	15
Issue Group	Recommendation #
We recommend that ELEXON sets up an Issue Group to propose solutions to the issue of metering low voltage supplies in Offshore wind farm substations (and onshore substations generally).	3
Other	Recommendation #
Monitor applications for Third Party Access and report to ISG if numbers of applications that don't meet generic Dispensation D/380 rise.	2
Complete ongoing investigation into Metering Dispensations that have expired but without evidence of compliance with the CoPs or a renewed Metering Dispensation. Report exceptions to ISG.	6
Complete a review of all GSPs and related sites that are subject to 'difference metering arrangements' to confirm energy is accurately allocated in Settlement.	7

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Report exceptions to ISG.	
Engage non-BSC Parties (in particular, Metering Equipment manufacturers) in future reviews or proposed changes to metering Codes of Practice.	4
Monitor existing BM Units (as and when they are processed as part of ELEXON's normal operations) for those with an unapproved non-standard BM Unit configuration and confirm the nature of the registration and agree action to ensure the site is properly recognised as a non-standard BM Unit.	14
Follow up with a Respondent to identify perceived ambiguities in the requirements for Metering Dispensations and potential improvements to the BSC, CSDs or guidance documents.	8
Improve our Metering Dispensation application guidance to provide clearer advice to applicants on timescales and requirements.	5
Review all existing Metering Dispensations to check whether they are complete, that their details are published and that they remain fit for purpose.	9