

MINUTES

MEETING NAME Imbalance Settlement Group

Meeting number 197

Date of meeting 22 August 2017

Venue ELEXON Ltd

Classification Public

ATTENDEES AND APOLOGIES

Attendees	Nicholas Rubin	NR	Chairman
	Adam Jessop	AJ	Technical Secretary
	Peter Stanley	PS	Executive Sponsor
	Tom Edwards	TE	Panel Sponsor (via Teleconference)
	Andy Colley	AC	Industry Member (via Teleconference)
	Phil Hewett	PH	Industry Member (via Teleconference)
	Martin Mate	MM	Industry Member (via Teleconference)
	Dennis Timmins	DT	Industry Member
	Lisa Waters	LW	Industry Member
	Aaron Seamer	AS	Industry Member
	Max Goodman	MG	Observer
	Paulina Stelmach	PS	ELEXON (Part meeting)
	Chris Day	CD	ELEXON (Part meeting)
	Chris Wood	CW	ELEXON (Part meeting)
	Freya Gardner	FG	ELEXON (Part meeting)
	Nick Baker	NB	ELEXON (Part meeting)
	Cal Lynn	CL	ELEXON (Part meeting)

Apologies	Walter Hood	WH	Industry Member
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OPEN SESSION – DECISION PAPERS

1. Barton Hill non-standard BMU application – ISG197/01

- 1.1 ELEXON invited the ISG to approve the application for a non-standard BM Unit associated with Barton Hill Power Station for Green Frog Power Trading Limited (GFPTL). The proposed BM Unit is to be comprised of 15 Generating Units (with an aggregated generation capacity of 20MW).
- 1.2 An ISG member noted that as with GFPTL's previous and current non-standard BMU application (ISG196/01), ELEXON and the Licensed Distribution System Operator (LDSO) will have to monitor what happens at the distribution sub-station, as the meter is located on the distribution circuit, downstream of the busbar. An ISG member noted that because of this, there is the possibility for additional connections to be made below the Settlement measurement transformers for the Barton Hill site. ELEXON responded that all the equipment within the dashed red line on the single line diagram attachment (ISG197/01B) is within a metering circuit

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breaker (not a substation) and it is therefore not possible to connect another customer directly to the 33kV busbar shown within the circuit breaker. ELEXON noted that while additional connections cannot be made within the circuit breaker, there is potential for additional connections to be made at the Boundary Point where the cable leaves the circuit breaker to the site's own 33kV busbar.

- 1.3 An ISG member noted that if extra connections are made, the applicant will need to inform ELEXON. ELEXON noted that there is a requirement in [Section K 3.2.8](#) of the BSC for the Lead Party of a BM Unit to keep their registrations up to date and inform ELEXON of any changes made. ELEXON reminded the ISG that the purpose of this paper is to approve the non-standard BMU application as it currently stands and not to consider possible future configurations.
- 1.4 An ISG member asked if there are any upcoming Modification Proposals related to non-standard BM Units. Another ISG member responded, stating that [P355 'Introduction of a BM Lite Balancing Mechanism'](#) is currently ongoing and will address the aggregation of various Generating Units into a single BMU. An ISG member referenced GFPTL as an example, stating that if they have five Generating Stations, they could be combined into one non-locational BM Unit. An ISG member asked if the location of the Generating Units could cover multiple Grid Supply Point (GSP) Groups. ELEXON responded, stating that this has not been decided yet. ELEXON noted that there are plans to raise a Modification Proposal to allow more non-standard BM Units to be treated as standard BM Units.
- 1.5 The ISG:
- a) **APPROVED** a single non-standard BM Unit status for Barton Hill

2. The LLF Methodology Audit Report – ISG197/02

- 2.1 ELEXON reviewed the Line Loss Factor Methodology Statements submitted by Licensed Distribution System Owners (LDSOs) in accordance with BSCP128. All but three remain unchanged. The three modified methodologies each include an additional step in the process that did not affect the compliance with the existing 16 principles.
- 2.2 Subject to approval by the ISG and SVG, ELEXON will use the LLF methodologies submitted by the LDSOs and IDNOs to calculate LLFs for use in Settlement. The LLFs will apply for the BSC Year from 1 April 2018 to 31 March 2019.
- 2.3 An ISG member noted that one LDSO (Licensed Distributor System Operator) had amended its methodology in light of [CP1492](#), but the clause would not be sufficient to satisfy Audit requirements against the prospective BSCP128 Principle 17. The ISG member asked what will happen when CP1492 comes into effect. ELEXON responded that CP1492 will not come into effect until February 2018 and therefore the current LLF methodologies being presented for the 2017/2018 year are unaffected by it. ELEXON noted that the LDSO's will have time to amend their methodologies accordingly.
- 2.4 An ISG member raised their concern about the delay between CP1492 coming into effect in February 2018, and the LDSOs methodologies incorporating these changes in April 2019. ELEXON responded that this will give the LDSOs time to prepare for any changes and that it would be too short notice to ask for changes to be implemented in time for the current LLF audit. ELEXON noted that CP1492 went out for consultation on 7 August 2017 so ISG members have the opportunity to express their thoughts and opinions on the matter.
- 2.5 The ISG:
- a) **NOTED** the continued use of approved methodology statements by three LDSOs;
 - b) **APPROVED** the changes to approved methodologies by three LDSOs, as outlined in Appendix 1;
 - c) **NOTED** the Embedded LDSOs' intention to Mirror the Host LDSOs' LLFs; and

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- d) **NOTED** that ELEXON will seek the SVG's approval of the LLF methodologies at its 5 September 2017 meeting.

3. MIDS Review 2017 – ISG197/03

- 3.1 The Market Index Definition Statement (MIDS) defines the way the Market Index Price (MIP) is calculated. We review the MIDS annually, as required by the Balancing Settlement Code (BSC). Analysis shows that the current Individual Liquidity Threshold (ILT), timeband weightings and product weightings remain suitable for 2017/18. This paper also looked at the frequency with which the MIP sets the price.
- 3.2 An ISG member asked ELEXON if the two weeks consultation period was an appropriate length of time. ELEXON responded that although the consultation period is 10 working days, this is not defined in the BSC and could be amended, if required. An ISG member suggested to extend the consultation period from two weeks to four weeks and asked what the ramifications of this would be. ELEXON noted that the only immediate impact would be that the results of the consultation could not be presented to the ISG at the September meeting. Multiple ISG members expressed the view that this would not be an issue. ELEXON asked what the benefit of extending the consultation period to four weeks would be. An ISG member responded that participants would be less likely to respond if only given a two week timeframe; four weeks would likely yield more responses and engagement.
- 3.3 An ISG member asked ELEXON for more details surrounding the timeframes for the MIDS review in general. ELEXON noted that the BSC states the MIDS review should be completed every 12 months. Historically, the review has always been done during the same period each year due to traditional timelines that haven't changed. ELEXON suggested that a timetable has already been set for the 2017 MIDS review and should be adhered to, but noted the ISG comments and stated these will be considered for the next MIDS review.
- 3.4 An ISG member noted that some of the graphs used in the MIDS review paper were hard to comprehend due to similar colours being used for different sets of data. ELEXON noted the ISG's feedback.
- 3.5 An ISG member noted that the actual content and details of the paper was not significantly different to that of previous MIDS review papers. The ISG member noted that the MIDS review was introduced when the contents were considered to be significant, but the analysis provided over the last few years has not raised any cause for concern.
- 3.6 Elexon noted that European Balancing Guidelines expected to come into force later this year may require changes to defaulting of imbalance price under the BSC. This should not affect the Market Index Price itself, but may affect its use as a default price under the BSC. A BSC modification will be issued soon on this subject.
- 3.7 The ISG:
 - a) **NOTED** the analysis presented in this paper;
 - b) **APPROVED** the consultation questions provided in Attachment A of the paper, suggested additional questions; and
 - c) **COMMENTED** on the analysis in this paper which we will present to the industry for consultation.

4. Metering Dispensation D/476 – ISG197/04

- 4.1 An ISG member asked what the load is expected to be for the site. ELEXON responded that although the operational loads of the three circuits were unknown, there will be two transformers, with a maximum shared load of 80MW (40MW each) feeding the collective Hinkley circuits and National Grid substation supplies.

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[Small flow from user circuits to operate the National Grid substation (monitoring and control equipment, lighting etc) could be metered so as to form part of transmission losses, but they are currently not, and will not be, so are included in user's demand instead rather than Tlosses. I think this is common at substations where large generators own the transformers.]

- 4.2 An ISG member noted that there is reference within the paper to 'material change' and asked if the alterations to the circuits of Hinkley Point A and B, to feed Hinkley Point C constituted a material change. ELEXON responded that the Metering Dispensations for Hinkley Point A and B are still valid as a Material Change is defined as a change to the Metering Equipment. (Measurement transformers, substation housing transformers, any cables/wiring and the meter.) The replacement of the station transformers does not fall into this category as the grounds on which the original Dispensation was applied for will remain unchanged. (I.E Metering Equipment not at the DMP). An ISG member noted that the current definition of material change to a Metering System is vague and therefore consistency between individual cases must be maintained.
- 4.3 An ISG member noted that this Metering Dispensation is for a construction site and questioned why it would need a lifetime Metering Dispensation if the site would be finished in 10 to 15 years. ELEXON responded stating that although this Metering Dispensation is for a construction supply, it will remain on-site for any other future project needs. An ISG member noted that there needs to be clarification as to what will happen to this site in the future; if Hinkley Point A is being decommissioned and there is uncertainty as to Hinkley Point B's future, then it is difficult to grant a lifetime Metering Dispensation for a site that could change drastically in the future.
- 4.4 An ISG member suggested changing the length of the Metering Dispensation from a lifetime to 10 to 15 years. Other ISG members agreed with this proposal, stating that a Metering Dispensation should be granted only for the duration of its construction period, due to uncertainty of the sites usage once this construction phase finishes. ELEXON noted that the focus of this Metering Dispensation application is on the Metering Equipment itself, not on how it will be used. ELEXON noted that the Metering System also satisfies all obligations under the CoPs aside from those the Metering Dispensation is needed to cover. An ISG member responded that there is a new connection at the site planned for 2024/2025. The current application for this Metering Dispensation would be for use as a demand site, but in the long term it will be a generating site. An ISG member associated with the applicant said that Hinkley Point C generation and station demand would have its own 400kV transmission substation (Shurton) and transformers separately from these 275kV connections for construction, although the 275kV supply might be retained for subsequent use at the HPC site. The member said it would be very expensive to have a dedicated new connection with new transformer(s) and fully compliant metering system just for the construction supply, instead of sharing the existing 275kV connection as proposed. An ISG member noted that Metering Dispensations are granted based on both the offtake and input combined and clarified that when the site becomes a power station, it should meet the metering requirements for one. ELEXON asked the ISG if they believed the site may be used for station load after construction. An ISG member responded that there is a possibility of this, which is why a lifetime Metering Dispensation would be difficult to justify.
- 4.5 An ISG member asked if the station transformer's no load losses ratio (30:5:5) would last indefinitely, but ELEXON stated they were unable to confirm this. Due to the risk of a change of loads between A, B and C and therefore a possible change to agreed ratio of apportionment of no load losses having an effect on all other connections (Hinkley Point A and B), an ISG member noted that this therefore further supports the proposal to limit the Metering Dispensation to only 10 years. ELEXON asked the ISG what would need to be clarified and provided for future Metering Dispensations for the site. The ISG noted that this will need to be decided and communicated to the applicant once agreed.
- 4.6 The ISG:

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- a) **APPROVED** the site specific Metering Dispensation application (D/476) on a temporary basis of 10 years.

5. CP1490 'Changes to BSCP27 and Technical Assurance Agent Service Descriptions to remove constraints to service improvement' – Assessment Report – ISG197/05

- 5.1 [CP1490 - 'Changes to BSCP27 and Technical Assurance Agent Service Descriptions to remove constraints to service improvement'](#) proposes that the TAA is not required to provide an online management tool for accessing and amending information. Instead, the TAA should simply be required to provide management information in the manner that is agreed in the arrangements between the TAA and ELEXON. The separation of assurance and IT service provision will give ELEXON more options in terms of choosing suitable companies. ISG had some concern that Elexon should consider the impacts of change on all users of any changed or alternative interfaces in future, but accepted that Elexon would consider this before making actual future changes.

5.2 The ISG:

- a) **APPROVED** the proposed changes to BSCP27, CVA TAA SD and SVA TAA SD for CP1490;
- b) **APPROVED** CP1490 for implementation on 22 February 2018 as part of the February Release; and
- c) **NOTED** that CP1490 will also be presented to the SVG on 5 September 2017 for decision.

6. CP1491 'Lack of clarification surrounding the timeliness of Proving Tests and documentation for CVA MOA in BSCP02' – Assessment Report – ISG197/06

- 6.1 [CP1491 'Lack of clarification surrounding the timeliness of Proving Tests and documentation for CVA MOA in BSCP02'](#) proposes to address the issues identified in the proposal by amending BSCP02 to provide greater clarity around the timeliness of submission of information from Proving Tests; to clarify what documents need to be sent for Commissioning Tests; and to modify documents to accommodate Meters with integral Outstations.

6.2 An ISG member asked if the suggested change from consultation responses, originating from the CVA MOA Forum, would be included in this CP or a separate CP. ELEXON noted that it would raise a separate CP to include this Change, as CP1491 would have to be re-consulted upon if this point were to be added. It was further noted that this suggested change (to remove the requirement to carry out a Proving Test where a Meter with an integral Outstation has a fixed pulse multiplier of 1), is outside the scope of CP1491.

6.3 The ISG:

- a) **APPROVED** the proposed changes for CP1491; and
- b) **APPROVED** CP1491 for implementation on 28 February 2018 (as part of the February 2018 Release).

OPEN SESSION – TABLED ITEMS

7. System Price Analysis Report – ISG197/07

The SPAR provided an overview of the calculation of System Prices in the last month.

7.1 The ISG:

- a) **NOTED** the report

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8. BSC Operations Headline Report – 269/02

The BSC Operations Headline Report provides an overview of the operations of the BSC for July 2017.

8.1 The ISG:

a) **NOTED** the report.

9. Change Report – 269/03

This report presents a comprehensive monthly overview of the changes in the BSC Change Process.

9.1 The ISG:

a) **NOTED** the report.

OPEN SESSION – OTHER BUSINESS

10. Panel Update

10.1 The Panel Sponsor provided an update to the ISG from the discussions at the latest Panel meeting and noted several modifications were relevant to ISG.

10.2 The Panel Sponsor noted that there has been an extension of the deadline for [P344 'Project TERRE'](#) as well a three month extension for [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#)

10.3 The Panel Sponsor noted that Ofgem have provided an in depth review of the Significant Charging Code Review, which looks at the way charging regimes and locational prices will be allocated in the future. The paper for this is due in the final quarter of 2017, with a resulting modification to be raised in Q3 2018. Any changes are expected to be implemented for the 2020/2021 charging year.

10.4 The Panel Sponsor noted that ELEXON provided updates for the methodology of [P350 'Introduction of a seasonal Zonal Transmission Losses Scheme'](#). This is due to go out for consultation no later than 31 August 2017.

10.5 The Panel Sponsor noted that [Issue 68 'Underestimation of Demand Capacity and Credit Cover Percentage'](#) was presented; noting that BSC Parties are under-estimating DC values and taking advantage of the credit cover requirements. This has resulted in three modifications being raised. One of the mods will impact the ISG directly, as there is a proposal to delegate the decision of GC/DC value thresholds to the ISG. An ISG member asked if the GC/DC process could become mechanised, similar to the gas industry. The Panel Sponsor responded that a mechanised approach for GC/DC values encompasses one of the modifications being raised. The modifications are due at the September BSC Panel meeting.

10.6 The ISG:

a) **NOTED** the update

11. Actions

11.1 ELEXON provided an update on the Actions raised in previous ISG Meetings

11.2 In relation to action 195/02 an ISG member noted that there should be better clarity regarding the process of making changes to BOAs and BSADs.

11.3 The ISG:

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- a) **NOTED** the update

12. Minutes from previous meeting

- 12.1 The minutes were approved with no further comments.

13. Matters arising

- 13.1 There were no comments from ISG members.

14. Next meeting

- 14.1 The next ISG meeting is on the 26 September 2017 at the ELEXON offices