

P379 MEETING 8 SUMMARY

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| MEETING NAME | P379 Workgroup Meeting |
| Meeting number | 8 |
| Date of meeting | 13 August 2019 |
| Venue | ELEXON Ltd, 4th Floor, 350 Euston Road, London, NW1 3AW |
| Classification | Public |

MEETING SUMMARY

1. Meeting Objectives

1.1 The purpose of our meeting was:

- To go through the detailed P379 models and agree on processes.
- For ELEXON to provide an FAQ report on P379 – addressing key processes and questions raised at previous meetings.
- For the WG to agree how Performance Assurance will work under P379.

2. Activity models for multiple Supply

2.1 ELEXON provided a detailed walkthrough of the proposed and alternative models covering the entities and functions involved in multiple supply. The WG noted the below:

- The models are created from the point where there are volumes to be split between Primary and Secondary Suppliers.
- The Secondary Supplier will be a licenced Supplier and not performing a limited role as a Virtual Lead Party (VLP).
- Licence obligations - The Primary Supplier's licence obligations around the In Home Display unit may need consideration. Changes may be required to some DCC data streams. These will added to the P379 Policy and Regulatory Log being maintained by the P379 WG. It should be clear what changes are required to DCC processes.
- That the metering of Behind the Meter (BTM) assets may conflict with BEIS views that EVs should be measured via a customer's Smart meter.
- The Proposer noted that the WG needs to identify consequential changes to:
 - Other codes
 - Metering arrangements (including SMETS and AMR meters)
 - The wider smart solution and service expectations

2.2 A member suggested that data can be sent to the Primary Supplier's HHDC instead of the CNA. ELEXON explained that under the proposed model Suppliers can chose whether they want to perform the CNA role. Volume notification can be done by the Secondary Supplier or the CNA. Secondary Suppliers might find it cost effective to perform the CNA role themselves.

2.3 The WG discussed potential changes to the BSC central systems if the SVAA has to split and aggregate boundary meter reads. The potential costs for changing the systems could be determined as part of the Impact Assessment. ELEXON explained that SVAA will be carrying out similar processes under Project TERRE.

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The intention is to make incremental changes. The central system will be accommodating new business models.

2.4 The main differences under the alternative model is that:

- It is similar in nature to BSCP550 (where meter splitting is not very scalable). The process is difficult to manage. So while the alternative would resemble BSCP550, it would seek to remove the complexity and simplify the process.
- For non-asset based supply, HHDC data retrieval and Notifying Secondary Supplier reads are not carried out by the CNA.

2.5 Data submitted into SVAA will need to be passed to the Primary Supplier for billing purposes. Change of Supply should be tracked. A member questioned whether this data could be sent directly to the Primary Supplier via the DTN when the entity performing the calculations is being informed. This will be considered further.

2.6 The WG agreed with the processes for both the proposed and alternative models.

2.7 The registration process was initially proposed to be separate from the current process as it was assumed some licence exempt Parties would be involved in multiple supply through the BSC. Now that the process is only limited to licensed Suppliers the WG suggested it could be incorporated with the current registration process (via the MRA/MPAS).

2.8 Members questioned whether the BSCP550 process could be streamlined, rather than introducing new ones. ELEXON explained that streamlining BSCP550 could be a way to implement the alternative model. The costs for introducing new processes should be considered as part of the Impact Assessment.

3. Evaluation of models

3.1 A member questioned whether the models cope with peer to peer trading or community energy schemes. The Proposer clarified that the P379 solution is limited to licensed Suppliers. To which the member questioned how community energy schemes could form relationships with Secondary Suppliers who do not share the same political or business views. The P379 solution is required to fit within the existing legislative framework, but will be passed on to Ofgem and BEIS for consideration. The current legislative restrictions around providing exempt supply over public wired mean it has become unfeasible to consider as part of P379.

4. Proposed Criteria

4.1 The WG considered the P379 model evaluation criteria noting the below:

- **Potential for error** - The WG does not think one model has an advantage over the other in terms of error. The chance of error is similar on both models.
- **Fit with defect** - The WG questioned whether the Primary Supplier is required to have a relationship with every HHDC for the alternative to work, in case the customer chooses their own HHDC. This may be the case, but is no different to the current arrangements for customer appointed Agents.
- **Impact on customers** – The WG questioned whether it's realistic for customers to appoint an HHDC and how this part of the process will work. The WG note there is a growing need for customers to control their data. The solution should determine how data will be shared with the customer in multiple supply arrangements. Some traditional DC's may be able to implement processes allowing them to share data with the customer. The solution should be left open for future changes allowing different business models. It is unclear which solution will result in more errors.

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- **Cost to Implement** - Under the proposed model the Primary Supplier is deducting Secondary Supplier reads for billing purposes and therefore picking up Secondary Supplier costs. The Impact Assessment will need to consider where costs fall in each model. Capability already exists in the alternative model and should have reduced cost to implement.
- **Simplicity** –The central System should be flexible to avoid barrier to entry and future change. Risk will depend on how HHDC or Central system calculations are defined. Risk is potentially higher when there are multiple entities performing functions. There needs to be visibility in terms of inputs and outputs. The P379 solution should focus on processes that allow Settlement to occur and defining a workable process. The solution should also consider complex scenarios and change currently happening in the industry.

5. Timings for multiple supply

5.1 ELEXON explained the timings under multiple supply. The WG agreed to the proposed timescales and put forward the below for consideration:

- The solution should look at the frequency of reads and when the Primary Supplier will need reads for billing purposes.
- The 2 Working Days for splitting calculations in central systems could happen sooner if data is available, as the new systems should allow each splitting process to be triggered once the data is available.
- There should be timescales for when data is received from the DCC. The availability of actual data may be compromised by DCC processes.
- Consider potential future changes aligning to Market Wide Half Hourly Settlement timescales
- For the Alternative model add additional steps for aggregation and submitting reads to settlement. This does not necessarily need to be as soon as in the proposed model, allowing boundary read frequency to remain lower (Weekly).
- Change of Agent process can take up to 5 days, which could provide problems for daily reads.
- Validation of data may impact timings, and/or make estimation more prevalent for the first splitting run (pre SF).

6. Data Flows

6.1 ELEXON provided an overview of data flows required to enable multiple supply and the WG noted the existing and new processes.

6.2 DCC constraints on data retrieval might mean it is sensible to wait for market-wide Half Hourly Settlement implementation to ensure DCC can handle the required data volumes.

6.3 Registration flows were missing from the slide but will be included in the draft business requirements.

7. P379 FAQ

7.1 The P379 FAQ was circulated to WG ahead of the meeting. The document aims to answer a number of questions which have been asked about the P379 solution. It will be form a basis for the business requirements. The WG raised the following on the FAQ document:

- The document should link to the P379 Policy and Regulatory Log as some issues cannot be addressed under the P379 solution.

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- The Primary Supplier may not need to know who the Secondary Supplier is but will need to know that there is a Secondary Supplier at a premise.
- The Primary Supplier will need to change systems under both models. Suppliers should look at how they might need to change their billing systems.
- Clarify what data flows will be used in both the proposed and alternative solution.
- Clarify whether imbalance risks for the Primary Supplier increase in case of error with BTM reads, and note that settling on estimates could result in distortions.
- The more variable supply that the Primary Supplier will be responsible for introduces volume risk, which could raise unit prices.

7.2 The reference to the difficulties of using BSCP550 at domestic scale may be confused with difficulties in using the alternative solution, and should be removed. ELEXON is to update the FAQ and maintain the document for the duration of the P379 Workgroup.

8. Performance Assurance

8.1 The WG discussed Performance Assurance under P379 and noted the following:

8.2 Under the alternative model the Primary Supplier will be required to do more than they do currently. There needs to be consideration in respect of carrying out calculations in specific timelines. The Primary Supplier has no way of monitoring Secondary Supplier reads. It should be clear who is responsible for this.

8.3 There will be instances where estimated data is submitted. It should be clear who is responsible for this.

8.4 Performance assurance should also look at trading disputes, conflict resolution and Supplier performance. ELEXON should further consider alternatives to trading disputes for conflict resolution, as the threshold is likely to prove problematic for the scale of volumes anticipated under the solution.

9. Workgroup Conclusions

- The WG advised for the P379 Policy and Regulatory Log to be updated clarifying the items raised and when they will be passed on to Ofgem and BEIS for consideration. It's important for issues that could impact the P379 solution to be addressed before the Modification is submitted to the Authority for decision. The Policy and Regulatory Log should be considered by Ofgem during the development of the P379 solution and not after. Ofgem should consider what can be dealt with currently and in the future. Ofgem agreed to consider the issues on the log. ELEXON is to update the log and pass on to Ofgem for consideration.
- The P379 Impact Assessment should consider costs and timings to the industry looking at both Primary and Secondary Supplier costs and well as customers.
- In addition to the ELEXON Impact Assessment. Ofgem should carry out their own Regulatory Impact Assessment looking at benefits of the Modification, customer and industry impacts.

10. Next Steps

10.1 The next WG meeting will be held on 24 September 2019 at ELEXON Offices.

10.2 The purpose is for the WG:

- To test real life use-cases
- Agree on conflict resolution options
- Agree on the disputes process

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- Start reviewing the Business Requirements