

Stage 03: Attachment A: P268 Detailed Assessment

P268 'Clarify the P/C status process for exempt BM Units'

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

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About This Document:

This is Attachment A to the P268 Assessment Report and P268 Draft Modification Report. It provides additional details **of the Workgroup's analysis and assessment**.

Attachment A

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What is...?

A BM Unit?

A unit of trade in the Balancing Mechanism, such as a generating unit or a collection of consumption meters.

A Trading Unit?

A combination of BM Units, which may have the same or different Lead Parties.

A Lead Party?

The Party who registers a BM Unit and is responsible for its generation or demand. For a Licensable Generating Plant, the responsible Party is the Party which generates electricity at that plant. For Exemptable Generating Plant, the person generating electricity at that plant can elect either itself or another Party to be responsible for its generation and associated Exempt Export BM Unit.

An Exemptable Generating Plant?

A Generating Plant where the person generating electricity at that Generating Plant is, or would (if it generated electricity at no other Generating Plant and/or did not hold a Generation Licence) be, exempt from the requirement to hold a Generation Licence.

An Exempt Export BM Unit?

A BM Unit which comprises Exemptable Generating Plant.

These terms are all defined in BSC Annex X-1.

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What are the Code's current P/C Status rules?

Rules for non-Exempt Export BM Units

Section K3.5 of the **Balancing and Settlement Code** ('the Code') states that a BM Unit shall normally be classified as having a **Production/Consumption (P/C) Status** of "**Production**" (i.e. it shall be a Production BM Unit) where it belongs to a Trading Unit for which the sum of the Relevant Capacities for all the BM Units in that Trading Unit is positive and greater than zero. The Code states that otherwise a BM Unit shall normally have a P/C Status of "**Consumption**" (i.e. it shall be a Consumption BM Unit).

A BM Unit's **Relevant Capacity** is determined using its **Generation Capacity** (GC – a positive value) and **Demand Capacity** (DC – a negative value or zero). If the sum of a BM Unit's GC and DC values is positive and greater than zero, then its Relevant Capacity is its GC value. Otherwise its Relevant Capacity is its DC value.¹

If the sum of the Relevant Capacities for all BM Units in the Trading Unit is positive and greater than zero, then the P/C Status for that Trading Unit and all of its BM Units is Production. Otherwise the P/C Status for the Trading Unit and all its BM Units is Consumption.

This method of determining P/C Status is 'dynamic' in that the BM Unit's P/C Status can change at any time following a change to the composition of its Trading Unit and/or the Relevant Capacity values of any of the BM Units in the Trading Unit.

Rules for Exempt Export BM Units

To be treated as an Exemptable Generating Plant under the BSC, the Lead Party for that Generating Plant must notify ELEXON that its plant is Exemptable and must provide supporting verification under Section K1.5 of the Code. ELEXON must notify the Party within 20 Working Days of its conclusion as to whether the plant is Exemptable. The Party may refer the matter to the BSC Panel, and (within 20 Working Days of the Panel's decision) to the Authority. If the Party's application for Exemptable Generating Plant status is successful, the BM Unit(s) comprising the Exemptable Generating Plant will be granted Exempt Export status. A BM Unit may not be classified as Exempt Export under the BSC unless it comprises Exemptable Generating Plant.

Section K3.5 of the Code allows the Lead Party for an Exempt Export BM Unit to independently elect whether the BM Unit's P/C Status is Production or Consumption, irrespective of the Trading Unit to which the BM Unit belongs. Approved Modification P100 introduced this ability in 2003 (previously only Exempt Export BM Units which were Sole Trading Units could elect their P/C Status). The Code currently states that no election shall be effective until 28 calendar days after the Lead Party has notified ELEXON and the Central Registration Agent (CRA).²

Because making an election is optional, the Code has a default rule which applies if no election is made. This default rule is that, in the absence of any election by the Lead Party, the Exempt Export BM Unit's P/C Status is determined dynamically (and may change) according to the sum of the Relevant Capacities of all BM Units in its Trading Unit.

¹ See the separate P269 Draft Modification Report for a more detailed explanation of the purpose of GC and DC values, and their role in determining P/C Status.

² Or longer if the Lead Party requests a later effective date.

How do the BSC Systems implement the current rules?

Exempt Export BM Units do not have different BM Unit IDs, or different BM Unit Type identifiers, to other BM Units.³ Instead, they are distinguished from other BM Units by **having their Exempt Export Flag set to 'True' within CRA systems.**

CRA systems contain two different P/C parameters for each BM Unit: P/C Flag and P/C Status. **The P/C Flag setting dictates how a BM Unit's P/C Status is determined.**

There are three possible settings for the P/C Flag:

- Production (P);
- Consumption (C); or
- Null.

Only BM Units which have their Exempt Export Flag set to True can elect (choose) their P/C Flag, and therefore how their P/C Status is determined. With the exception of Interconnector BM Units, the P/C Flag for all other types of BM Unit is Null.⁴

A Null flag means that the BM Unit's P/C Status is determined dynamically (and may change) according to the sum of the Relevant Capacities of all BM Units in its Trading Unit. A Null flag is therefore sometimes also referred to as a 'dynamic' flag.

If the Lead Party for an Exempt Export BM Unit has elected to set its P/C Flag to either P or C, **then the Exempt Export BM Unit's P/C Status is fixed accordingly as Production or Consumption in CRA systems.** This P/C Status does not change unless the Lead Party **makes another explicit P/C Flag election or the BM Unit's Exempt Export status is terminated** (in which case its P/C Flag is reset to Null upon the termination of its Exempt Export status).

If the Lead Party for an Exempt Export BM Unit does not make any explicit P/C Flag election, its flag remains Null (the default position) and **the BM Unit's P/C Status is determined dynamically according to the sum of the Relevant Capacities of all BM Units in its Trading Unit.**

What is the current supporting process in the Code Subsidiary Documents?

BSCP15

Balancing and Settlement Code Procedure (BSCP) 15 'BM Unit Registration' contains the detailed operational process which supports the Code requirements regarding P/C Status. It includes the form(s) which a Lead Party must submit in order to elect an Exempt Export **BM Unit's P/C Status.**

BSCP15 gives the Lead Party of an Exempt Export BM Unit the option to elect its P/C Flag as one of the following three options: P, C or Dynamic.

A "Dynamic" flag is the same as having a Null flag (the default position). CRA systems do not distinguish whether an Exempt Export BM Unit has explicitly elected to have a Null/Dynamic flag, or whether it has a Null flag by default because it has not made any explicit election.

³ E.g. they will still be E_ if embedded, T_ if directly-connected or 2_ if a Supplier BM Unit (type G for a Base BM Unit, or type S for an Additional BM Unit).

⁴ Interconnector BM Units are allocated in fixed Production and Consumption pairs, whose P/C Status does not change (BSC Section K3.5.4 and K5.5.5). The CRA implements this rule by setting an **Interconnector BM Unit's** P/C Flag to Production or Consumption accordingly.



What is...?

The difference between a P/C Flag and a P/C Status?

The P/C Flag is the mechanism by which CRA systems record whether a **BM Unit's P/C Status is to be 'fixed' as either Production or Consumption** (where the P/C Flag is set to P or C) or is to be calculated in the normal dynamic way (where the P/C Flag is set to Null).

Exempt Export BM Units are the only type of BM Unit which can elect their P/C Flag, and thereby their P/C Status.

Appendix 1 summarises the relevant BSCP15 sections and forms. You can download a copy of the current **version of BSCP15 from ELEXON's website** [here](#).

BSCP31

Section 1.6 of BSCP31 'Registration of Trading Units' includes an brief explanation of how P/C Status is determined for an Exempt Export BM Unit which is part of a Trading Unit with other BM Units.

Appendix 3 shows the current BSCP31 wording. You can download a copy of the current version of BSCP31 **from ELEXON's website** [here](#).

Central Registration Agent (CRA) Service Description

The current wording of the CRA Service Description is inconsistent with the Code, BSCP15, BSCP31 and CRA systems. This is because it only refers to the CRA amending an Exempt **Export BM Unit's P/C Flag and P/C Status** if instructed by the Lead Party, and does not reference the fact that Exempt Export BM Units may have a dynamic P/C Status (by choice or by default).

CP1228 appears to have inadvertently introduced this error in 2008,⁵ as the original P100 drafting in the Service Description also referred to the CRA recalculating an Exempt Export **BM Unit's P/C Status as appropriate where its P/C Flag is set to "dynamic"**.

Appendix 4 shows both the current and original P100 Service Description wording. You can download a copy of the current version of the Service Description from ELEXON's website [here](#).

⁵ [CP1228](#) 'CRA Service Description Re-write'.

2 P268 prospective operational solution

In summary, the prospective element of the P268 solution will:

- Make it mandatory for a Lead Party to elect a P/C Status as part of its application for Exemptable Generating Plant status (i.e. before its BM Unit can be classified as Exempt Export);
- Make it mandatory for the Lead Party to elect a P/C Status which is either Production or Consumption (thereby removing the ability to choose a P/C Status which is determined dynamically – whether explicitly by election or implicitly by default); and
- Allow the Lead Party to subsequently change its P/C Status election from Production to Consumption or vice versa.

You can find a detailed description of the P268 solution in the main report. Attachment D contains the draft redlined changes to the Code for the prospective part of the solution.

The supporting operational process for the prospective element of P268 will be as follows:

- When applying for Exemptable Generating Plant/Exempt Export status under BSCP15, the Lead Party must elect a P/C Flag which is either P or C before the Exempt Export Flag for its BM Unit can be set to True (thereby removing the option to have a Null/Dynamic P/C Flag by election or by default);
- The Lead Party can subsequently change its P/C Flag election under BSCP15 (from P to C, or vice versa); and
- **The Exempt Export BM Unit's** P/C Status will be fixed in CRA systems as either Production or Consumption, according to the P/C Flag election made by the Lead Party under BSCP15.

P268 does not impact any reporting flows. For example, the CRA-I014 will still report each **BM Unit's P/C Flag**, P/C Status and GC/DC values in the same way as currently.

Impact on Code Subsidiary Documents

Appendix 2 of this Attachment A summarises the changes required to BSCP15 to deliver the prospective element of the P268 solution. You can find a copy of the actual draft redlined changes to BSCP15 in Attachment E.

Changes are also required to:

- BSCP31, to clarify that each Exempt Export BM Unit shall elect its P/C Flag to be either P or C in accordance with BSCP15 (and will therefore be unaffected by its **Trading Unit's overall status**); and
- The CRA Service Description, to reflect the P268 solution and ensure that the Service Description is consistent with the Code and BSCPs.

You can find copies of the draft redlined changes to BSCP31 and the CRA Service Description in Attachments F and G respectively.

In producing the draft changes to BSCP15, BSCP31 and the CRA Service Description, the **P268 Workgroup has taken the opportunity to generally 'tidy up' all references to P/C Status and Exempt Export BM Units** throughout these documents. These additional changes are intended to maximise clarity and consistency with both the Code and operational practice.

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What is...?

A Base Trading Unit?

Each Grid Supply Point (GSP) Group has a Base Trading Unit.

This Base Trading Unit contains all Supplier BM Units within that GSP Group (one Base BM Unit for each Supplier plus any Additional BM Units).

It also contains each embedded Exempt Export BM Unit within that GSP Group, unless the Lead Party makes an election to register its embedded Exempt Export BM Unit in a different Trading Unit.

You can find the rules for Base Trading Units in BSC Section K4.7.

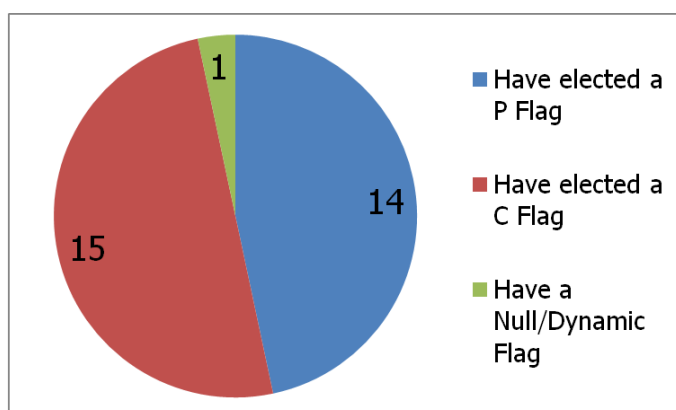
Workgroup's analysis of current P/C Status elections

The Workgroup analysed the P/C Flags which were in place for Exempt Export BM Units on 13 February 2011.

The pie chart on the following page shows that, of the 30 registered Exempt Export BM Units on this date, there was only one which had not already elected to have a 'fixed' P/C Flag of Production or Consumption. This BM Unit had not made an explicit P/C Flag election and therefore had a Null P/C Flag by default. Because this BM Unit was part of a Base Trading Unit, its actual P/C Status was Consumption.⁶

Of those Exempt Export BM Units which had elected a fixed Production or Consumption flag/status, there was no clear overall preference – with roughly half choosing to be Production and half choosing to be Consumption.

Exempt Export BM Units' P/C Flags as at 13/02/11:



From this analysis, the Group has concluded that changing the existing default rule to allocate either a Production or Consumption P/C Status in the absence of any election by the Lead Party would not resolve the issue identified by P268.

Workgroup's analysis of historic P/C Status elections

The Workgroup has analysed how many Exempt Export BM Units would be affected by a retrospective implementation back to the P100 Implementation Date in 2003.

This analysis established that only 9 Exempt Export BM Units have had a Null P/C Flag, and therefore a dynamically-determined P/C Status, by default at any time between 05/11/03 (the P100 Implementation Date) and 10/03/11 (the date the analysis was conducted).

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⁶ At the time of writing this Draft Modification Report, this Exempt Export BM Unit continues to have a default Null P/C Flag. Its dynamically-determined P/C Status continues to be Consumption as this is the overall status of its Base Trading Unit.

Of these 9 BM Units:

- 2 were not actively trading (had zero Metered Volumes) and so their dynamically-determined P/C Status had no practical effect. Both of these BM Units ceased to be Exempt Export in May 2010.
- 2 were registered to the Proposer and were the subject of Trading Dispute DA375.
- 5 had a dynamically-determined P/C Status on the P100 Implementation Date and continued to have a dynamically-determined P/C Status for the entire period of their Exempt Export Status. Of these 5 BM Units:
 - 4 ceased to be Exempt Export in 2005. The Lead Party for one of these BM Units has since left the Code; the Lead Party for the other 3 BM Units is one of the **'Big 6' BSC Parties**.
 - 1 has consistently had a dynamically-determined P/C Status by default from the P100 Implementation Date to the present (this is the same BM Unit with the Null P/C Flag in the pie chart on the previous page). This BM Unit underwent a change of ownership in December 2005; both its original and **current Lead Parties are 'Big 6' Parties**.
 - All 5 were/are part of Base Trading Units and so in practice their P/C Status was dynamically determined as Consumption for the entire time.

The Group notes that the two BM Units belonging to the Proposer are the only Exempt Export BM Units whose Lead Party changed their P/C Status during this period by making a specific P/C Flag election. The Group considers that, because all the other BM Units consistently held the same actual (dynamically-determined) P/C Status for the entire time of their Exempt Export status and took no action to change this (either by making an election or by raising a Trading Dispute), there is no evidence to suggest that they have been disadvantaged by this status.

From this analysis, the Proposer and the Group have concluded that a 2003 retrospection would add significant unnecessary disruption. The Proposed Modification therefore involves retrospection back to 1 March 2010, as this corresponds to the only known instance (since the implementation of P100 in 2003) of any Exempt Export BM Unit incurring Imbalance Charges as a consequence of having its P/C Status determined dynamically by default. A 1 March 2010 retrospection will also allow the one other Exempt Export BM Unit which had a default dynamic status during this period to retrospectively change its P/C Status if it wishes to do so.

None of the above 9 Exempt Export BM Units had any Metered Volume Reallocation Notifications (MVRNs) in place at the time of their default Null flags. The Group notes that this avoids a complication where a retrospective change in P/C Status could retrospectively terminate the MVRN – affecting both the Lead Party and the Subsidiary Party to whom the **BM Unit's Metered Volume was being reallocated.**⁷

⁷ BSC Section P3 only allows a Lead Party to reallocate a BM Unit's Metered Volume to another Party through an MVRN if the Energy Account of the other Party matches the P/C Status of the BM Unit (i.e. if the BM Unit has a P/C Status of Production, the MVRN must be to the other Party's Production Energy Account). Under Section P3, a change in the BM Unit's P/C Status automatically terminates the MVRN.

4 Workgroup's membership and Terms of Reference

P268 timetable

Activity	Date
Proposer raises P268	31/01/11
Panel considers Initial Written Assessment and submits P268 to Assessment Procedure	10/02/11
P268 Workgroup meeting 1	21/02/11
BSC Agent/ELEXON impact assessment undertaken	01/03/11 – 15/03/11
P268 Workgroup meeting 2	23/03/11
Assessment Consultation undertaken	23/05/11 – 10/06/11
P268 Workgroup meeting 3	16/06/11
Assessment Report submitted to Panel	08/07/11
Panel considers Workgroup's Assessment Report	14/07/11
Report Phase Consultation undertaken	20/07/11 – 28/07/11
Draft Modification Report submitted to Panel	05/08/11
Panel considers Draft Modification Report	11/08/11

Workgroup's membership and attendance

Member	Organisation	21/02/11	23/03/11	16/06/11
Adam Lattimore	ELEXON (Chair)	✓	✓	✓
Kathryn Coffin	ELEXON (Lead Analyst)	✓	✓	✓
Laone Roscorla	Proposer's Representative	✓	✓	X
Bill Reed	RWE	✓	✓	✓
Gary Henderson	Scottish Power	✓	X	✓
Andrew Colley	SSE	✓	✓	✓
Lisa Waters	WatersWye	✓	✓	X
Esther Sutton	E.ON	✓	X	✓
Martin Mate	EDF	✓	X	✓
Attendee	Organisation	21/02/11	23/03/11	16/06/11
Diane Mailer	ELEXON (Lawyer)	✓	X	✓
Steve Francis	ELEXON (Design Authority)	✓	X	X
Clare Cameron	Ofgem	✓	X	X
Emma Burns	Ofgem	X	X	✓
Jamie Black	Ofgem	X	X	✓
Colin Prestwich	SmartestEnergy	X	X	✓

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Workgroup's Terms of Reference

Specific areas set by the Panel in the P268 Terms of Reference
How did P100 amend the BSC and Code Subsidiary Documents?
What changes to BSC documentation, systems & processes are needed for P268?
<p>What is the best way to address the defect?</p> <ul style="list-style-type: none"> • Should there be a manual check which explicitly asks the Lead Party to confirm/agree its intended P/C Status? • Is it appropriate to have a default rule to cover the situation where a Lead Party does not make an election and, if so, what should this be? • Are the current methods appropriate for notifying Lead Parties of changes in BM Units' P/C Status?
<p>Is there a case for retrospection under the Proposed Modification, and what is the appropriate retrospective Implementation Date (e.g. 1 April 2010, P100 Implementation Date, or another date)?</p> <p>Please consider:</p> <ul style="list-style-type: none"> • Past precedent (Ofgem's criteria and previous retrospective changes); • The impact of retrospection on Parties; and • How the rules should apply in the interim period, and how the transition should be handled. <p>Should there be a potential Alternative Modification which would apply prospectively?</p>
What are the impacts on, and benefits to, Exemptable Generating Plant?

5 Summary of Assessment Consultation Responses

The following table summarises the views of respondents to the Workgroup's P268 Assessment Consultation.

You can find the full responses in Attachment B.

	Question	Yes	No	For Group's discussion, see:
1	Do you believe that the (retrospective) Proposed Modification would better facilitate the Applicable BSC Objectives when compared with the current Code provisions?	0	5	Main document: Section 7
2	Do you agree with the Group's reasons for concluding that, if P268 is to be retrospective, this retrospection should be applied back to 1 March 2010 rather than the P100 Implementation Date in 2003?	4	1	Main document: Section 3 Attachment A: Section 3
3	Do you believe that the (prospective) Alternative Modification would better facilitate the Applicable BSC Objectives when compared with the (retrospective) Proposed Modification?	5	0	Main document: Section 7
4	Do you believe that the (prospective) Alternative Modification would better facilitate the Applicable BSC Objectives when compared with the current Code provisions?	5	0	Main document: Section 7
5	Do you agree with the Group's reasons for removing the ability for Exempt Export BM Units to choose a dynamically-determined P/C Status, such that they must elect to be either Production or Consumption (but can change their choice at any time)?	4	1	Main document: Section 3 Attachment A: Section 3
6	Do you agree that, if both P268 and P269 are approved, there are benefits in implementing them together at the same time?	5	0	Main document: Sections 3, 5 & 6

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Appendix 1 – Current BSCP15 provisions

BSCP15 currently contains various different processes and forms for obtaining Exempt Export BM Unit status, and for electing an Exempt Export BM Unit's P/C Flag. The following table summarises the purpose of each.

Relevant part of BSCP15	Description
Procedure 3.1 'Registration of BM Unit Associated with Metering Systems Registered with the CRA'	Mandatory process for registering any new BM Unit comprised of CVA Metering; the process takes a minimum of 30 Working Days. If the Lead Party for the new BM Unit is seeking Exempt Export Status, it should follow Procedures 3.1 and 3.10 ⁸ concurrently.
Procedure 3.3 'Notification of a New Supplier or Supplier ID and Base BM Unit IDs'	Mandatory process for registering any new Base (Supplier) BM Unit; the process normally takes 30 Working Days. It is possible for a Base BM Unit to be Exempt Export if it meets the criteria in K3.3A of the Code. There is currently no cross-reference to the other parts of the BSCP which deal with applications for Exempt Export status.
Procedure 3.4 'Registration of Additional BM Unit (Supplier Only)'	Mandatory process for registering any new Additional (Supplier) BM Unit; the process takes a minimum of 30 Working Days. Although BSCP15 does not explicitly say so, it is possible for an Additional BM Unit to be Exempt Export if it meets the criteria in K3.3A of the Code. If the Lead Party wishes to register the new Additional BM Unit as Exempt Export, it should follow Procedures 3.4 and 3.10 ⁸ concurrently.
Procedure 3.10 'Declaration of Exemptable Generating Plant and Exempt Export Status for the Associated BM Unit'	Mandatory process for any Lead Party who is applying for Exempt Export Status for a BM Unit (applies to both CVA and SVA BM Units, and to both new and existing BM Units). ELEXON must notify the Party of its decision within 20 Working Days. If granting Exempt Export Status, it will also simultaneously notify the CRA. Within 1 Working Day of this notification, the CRA will set the Exempt Export Flag to True with the effective date specified by ELEXON. If ELEXON does not grant Exempt Export status, the Party can refer the matter to the Panel and (within 20 Working Days of any Panel decision not to grant Exempt Export status) to the Authority.
Procedure 3.12 'Election of Production/Consumption Flag (for Exempt Export BM Units only)'	Optional process whereby the Lead Party for an Exempt Export BM Unit can, at any time, elect its P/C Flag. Any election takes 28 calendar days to become effective (or longer if the Lead Party requests a later effective date).
Form 4.1 'Registration of BM Unit for a CVA Metering System'	Completion is mandatory by any Lead Party who is registering a new BM Unit (whether CVA or SVA), including any new BM Unit for which the Lead Party is seeking Exempt Export Status. Contains an optional column where a Lead Party seeking to register a new BM Unit as Exempt Export can elect its P/C Flag.

⁸ BSCP15 currently incorrectly cross-references Procedure 3.9. This is corrected in the P268 redlining (see Attachment E).

Relevant part of BSCP15	Description
Form 4.5 'Declaration of Exemptable Status for Generating Plant'	Completion of Part A is mandatory by any Lead Party who is applying for Exempt Export Status for a BM Unit comprised of CVA Metering. Completion of Part B is mandatory by ELEXON, to confirm to the Lead Party the outcome of its application.
Form 4.7 'Registration/De-registration of Exempt Export Status'	Sent by ELEXON to the CRA, confirming the effective date of the Exempt Export Status registration. This is used by the CRA to set the Exempt Export Flag for the BM Unit.
Form 4.8 'Election of Production/Consumption Flag for Exempt Export BM Units'	Completion is optional by the Lead Party for an Exempt Export BM Unit – the Lead Party can complete this form at any time to elect its P/C Flag; the form is sent simultaneously to the CRA and ELEXON. Any election takes 28 calendar days to become effective (or longer if the Lead Party requests a later effective date).
Form 4.9 'Certification of Exempt Export Status for BM Units Comprising SVA Metering'	Completion of Part A is mandatory by any Lead Party who is applying for Exempt Export Status for a BM Unit comprised of SVA Metering. Completion of Part B is mandatory by ELEXON, to confirm to the Lead Party the outcome of its application.

BSCP15 therefore contains various different routes through the process of obtaining Exempt Export status. Which route applies depends on:

- Whether the BM Unit is comprised of CVA or SVA Metering; and
- Whether the BM Unit is a totally new BM Unit registration, or an existing BM Unit which subsequently applies for Exempt Export status.

The following table summarises which BSCP15 forms are optional (O), mandatory (M) or not applicable (n/a) in which circumstances.

BSCP15 form	4.1	4.5	4.7	4.8	4.9
New CVA BM Unit seeking Exempt Export Status	M*	M	M	O	n/a
New SVA BM Unit seeking Exempt Export Status	M*	n/a	M	O	M
Existing CVA BM Unit seeking Exempt Export Status	n/a	M	M	O	n/a
Existing SVA BM Unit seeking Exempt Export Status	n/a	n/a	M	O	M

**However, electing a P/C Flag through this form is optional – see notes on the following page.*

Applications for Exempt Export status by new BM Units

Any Lead Party which is seeking Exempt Export status for a new BM Unit registration must complete form 4.1, and must also declare its Exemptable status through the relevant form (4.5 or 4.9).

If the Lead Party wishes to simultaneously elect its P/C Flag, it can do so by optionally completing the P/C Flag column in form 4.1 or by optionally completing form 4.8. Because the BM Unit registration process takes 30 Working Days, it is therefore possible for the Lead Party to ensure that any P/C Flag election becomes effective at the same time as the BM Unit registration.

If the Lead Party leaves the P/C Flag column in form 4.1 blank and does not submit form 4.8, its P/C Flag will be Null. Although it can make a subsequent election at any time through form 4.8, this will take 28 calendar days to become effective.

Applications for Exempt Export status by existing BM Units

If the Lead Party of an existing BM Unit subsequently applies for Exempt Export status, this is not classified as being a BM Unit re-registration and the Lead Party does not have to complete form 4.1.

The only mandatory requirement is for the Lead Party to declare its Exemptable status through the relevant form (4.5 or 4.9). If Exempt Export status is granted, the CRA will set the BM Unit's Exempt Export flag to True according to the effective date specified by ELEXON in form 4.7.

The Lead Party can specify in form 4.5 what effective date it is seeking for its Exempt Export status. If it wishes to simultaneously elect its P/C Flag it can do so by also optionally completing form 4.8, and requesting an identical effective date (of at least 28 calendar days away) on both forms.

Change of Lead Party for an Exempt Export BM Unit

The following table summarises the BSCP15 processes by which a Lead Party can transfer ownership of an Exempt Export BM Unit to another Party. These processes are generic for all changes of BM Unit ownership, and therefore do not currently distinguish between Exempt Export BM Units and other types of BM Units.

Relevant part of BSCP15	Description
Procedure 3.13 'Change of CVA BM Unit Lead Party'	Mandatory process for any Lead Party which is applying to transfer ownership of one or more of its CVA BM Units to another Party. ⁹
Procedure 3.14 'Transfer of Supplier ID Process (Change of SVA BM Units Ownership)'	Mandatory process where a Supplier ID (and all of the BM Units associated with the Supplier ID) are being transferred to a new Party. ⁹
Form 4.6 'Notification of Supplier ID Transfer'	Completion of Part A is mandatory by any Supplier which is transferring a Supplier ID (and all associated BM Units) to another Party. Completion of Part B is mandatory by the Party to whom the Supplier ID (and all associated BM Units) are being transferred. ⁹
Form 4.11 'Change of CVA BM Unit Lead Party'	Completion of Part A is mandatory by any Lead Party which is transferring a CVA BM Unit to another Party. Completion of Part B is mandatory by the Party to whom ownership of the BM Unit is being transferred. ⁹

⁹ This process is currently silent on what happens if the BM Unit is an Exempt Export BM Unit. In practice, and in accordance with the Code rules, the P/C Flag elected by the previous Lead Party will continue to apply unless the new Lead Party optionally follows Procedure 3.12 to change the P/C Flag.

Appendix 2 – P268 BSCP15 impacts

The following table summarises the changes required to the relevant BSCP15 forms to deliver the prospective element of the P268 solution. Consequential changes are also required to BSCP15 procedures 3.1, 3.3, 3.4, 3.10, 3.12, 3.13 and 3.14.

You can find the full draft P268 redlined changes to BSCP15 in Attachment E. As part of this drafting, the P268 Workgroup has also taken the opportunity to 'tidy up' all references to **P/C Status** and **Exempt Export BM Units** throughout BSCP15.

BSCP15 Requirement 1 – Lead Party shall elect its P/C Flag when applying for Exempt Export status	
R1/A	<p>Part A of BSCP15 forms 4.5 'Declaration of Exemptable Status for Generating Plant' and 4.9 'Certification of Exempt Export Status for BM Units Comprising SVA Metering' shall be amended, so that it is mandatory for any Lead Party requesting Exempt Export status for a BM Unit to elect its P/C Flag at the same time as part of these forms.</p> <p>These forms will only allow the Lead Party to elect a P/C Flag which is either P or C.</p>
R1/B	<p>The Lead Party shall state its P/C Flag election in Part A of form 4.5 or 4.9 as appropriate, and submit the form to ELEXON. The rationale for including the P/C Flag election in forms 4.5/4.9 is that these are the only forms whose completion is mandatory for any Lead Party seeking Exempt Export status.</p>
R1/C	<p>As any new BM Unit registrations seeking Exempt Export status shall be required to elect their P/C Flag through form 4.5 or 4.9, the existing optional P/C Flag column on BSCP15 form 4.1 'Registration of BM Unit for a CVA Metering System' will be removed.</p>
BSCP15 Requirement 2 – ELEXON shall not accept an application for Exempt Export status unless the Lead Party has made a P/C Flag election	
R2/A	<p>ELEXON shall not accept a Lead Party's application for Exemptable status (i.e. it must not accept submission of BSCP15 form 4.5/4.9) unless the Lead Party has elected its P/C Flag as part of this form, and the Party's elected P/C Flag is either P or C.</p>
R2/B	<p>If the Lead Party does not correctly complete the P/C Flag section of form 4.5/4.9, ELEXON shall contact the Party to refuse submission of the form and explain why. The Lead Party can subsequently recomplete the P/C Flag section and resubmit the form to ELEXON.</p>
R2/C	<p>If the Lead Party has correctly completed the P/C Flag section of form 4.5/4.9, ELEXON shall process, assess and decide on the Party's application for Exemptable status in the usual way (including the existing ability for the Party to refer the matter to the Panel/Authority).</p>

BSCP15 Requirement 3 – If ELEXON grants Exempt Export status, it shall confirm to the Lead Party its elected P/C Flag	
R3/A	Part B of BSCP15 forms 4.5 and 4.9 shall be amended to include a section for ELEXON to confirm the Lead Party's elected P/C Flag, at the same time that it completes this form to notify the Lead Party of the outcome of its application for Exempt Export status.
R3/B	It shall be mandatory for ELEXON to complete this new section of forms 4.5/4.9 where it is notifying the Lead Party of a successful application.
BSCP15 Requirement 4 – If ELEXON grants Exempt Export status, it shall notify the CRA of the Lead Party's elected P/C Flag	
R4/A	BSCP15 form 4.7 'Registration/De-registration of Exempt Export Status' shall be amended, to include a section for ELEXON to notify the CRA of the Lead Party's P/C Flag election at the same time as notifying the CRA that the BM Unit has been granted Exempt Export status.
R4/B	It shall be mandatory for ELEXON to complete this section of form 4.7.
BSCP15 Requirement 5 – CRA shall not set a BM Unit's Exempt Export Flag to True unless ELEXON has notified it of the Lead Party's P/C Flag election	
R5/A	The CRA shall not accept submission of BSCP15 form 4.7, and shall not set a BM Unit's Exempt Export Flag to True within CRA systems, unless ELEXON has completed the P/C Flag section of the form and the P/C Flag recorded by ELEXON is either P or C.
R5/B	If ELEXON has not correctly completed the P/C Flag section of form 4.7, the CRA shall refuse submission of the form and contact ELEXON to explain why. ELEXON shall recomplete the P/C Flag section and resubmit the form.
BSCP15 Requirement 6 – Effective from dates for a BM Unit's Exempt Export status and its first P/C Flag election must be identical	
R6/A	<p>Part A of BSCP15 form 4.5 currently allows the Lead Party to specify the date from which it is seeking Exempt Export status for its BM Unit, and Part B of the form requires ELEXON (when granting Exempt Export status) to specify the effective from date of that status. Similar sections will be added to form 4.9. Both forms will be amended to make clear that the effective from date of the BM Unit's Exempt Export status is also the effective from date of its initial P/C Flag election.</p> <p>Form 4.7 requires ELEXON to notify the CRA of the effective from date of the BM Unit's Exempt Export status. This form will also be amended to clarify that this is also the effective from date of the Exempt Export BM Unit's initial P/C Flag election.</p>

R6/B	<p>It is possible that a Lead Party also optionally completes BSCP15 form 4.8 'Election of Production/ Consumption Flag for Exempt Export BM Units' during the application process for Exempt Export status (i.e. before Exempt Export status is granted). If there is any discrepancy between the requested P/C Flags, ELEXON shall contact the Lead Party to clarify its intention.</p> <p>If ELEXON is unable to contact the Lead Party it shall in practice apply the following rule:</p> <ul style="list-style-type: none"> a) If the Party's requested effective from date on form 4.8 is later than its requested effective from date on form 4.5/4.9, the P/C Flag elected through form 4.8 shall be treated as a subsequent new election which supersedes the original election from the date specified in form 4.8 (see Requirement 8 below); or b) If the Party's requested effective from date on form 4.8 is the same as (or earlier than) that requested in form 4.5/4.9, ELEXON shall not grant Exempt Export status until it has been able to contact the Lead Party and clarify its intended P/C Flag election.
BSCP15 Requirement 7 – CRA shall only set the BM Unit's Exempt Export Flag and its initial P/C Flag as specified by ELEXON	
R7/A	On receipt of BSCP15 form 4.7, the CRA shall set the BM Unit's Exempt Export Flag to True and shall set its P/C Flag to either P or C according to the election and effective from date specified by ELEXON in this form.
R7/B	The CRA shall ensure that the effective from dates within CRA systems for the Exempt Export Flag and its initial P/C Flag election are identical; the P/C Flag for the BM Unit shall not be Null by default for any period.
BSCP15 Requirement 8 – Lead Party may elect a different P/C Flag at any subsequent time	
R8/A	<p>The Lead Party will be able to change its P/C Flag election (from P to C, or vice versa) at any time by submitting BSCP15 form 4.8 to the CRA and ELEXON. This shall supersede its previous election, subject to the minimum required notice period. P268 will reduce this notice period from the current 28 calendar days to 2 Working Days, except where:</p> <ul style="list-style-type: none"> a) The Lead Party requests a later effective date; or b) The Lead Party requests that the election becomes effective on the next Working Day and ELEXON and the CRA agree. <p>BSCP15 form 4.8 shall be amended to remove the existing ability for the Lead Party to elect a Null/dynamic P/C Flag.</p>
R8/B	As now, any election shall remain effective until such time as the Lead Party makes a new election, ceases to be Exempt Export, or deregisters its BM Unit.

BSCP15 Requirement 9 – If a CVA Exempt Export BM Unit changes ownership, the new Lead Party shall elect its P/C Status¹⁰

R9/1	Part A of BSCP15 form 4.11 'Change of CVA BM Unit Lead Party' shall be amended so that, where the BM Unit is a CVA Exempt Export BM Unit, it is mandatory for the existing Lead Party to record the BM Unit's existing P/C Flag.
R9/2	Part B of BSCP15 form 4.11 shall be amended so that, where the BM Unit is a CVA Exempt Export BM Unit, it is mandatory for the Party to whom the BM Unit's ownership is being transferred to elect what P/C Flag (P or C) shall apply to the BM Unit from the point that it becomes the new Lead Party. This may be the same or different to the P/C Flag elected by the existing Lead Party.

¹⁰ Where an entire Supplier ID and all of the Supplier's associated SVA BM Units are transferred to another Party, this can involve short timescales and a large number of BM Units (e.g. if Ofgem has revoked a Party's Supply Licence and appointed a Supplier of Last Resort). If the BM Units being transferred include any SVA Exempt Export BM Units, it may therefore be impractical to require the new Supplier to elect these BM Units' P/C Flags before the transfer is completed. As part of the P268 BSCP15 drafting, the Group has therefore inserted a new step for the CRA to notify the new Supplier of any Exempt Export BM Units associated with the Supplier ID as well as the existing P/C Flag settings of these BM Units. This ensures that the new Supplier is aware of the existing P/C Flags, and can elect to change these if it wishes by separately submitting form BSCP15/4.8 (see Requirement 8).



What is...?

A Class 4 Trading Unit?

A group of embedded Exempt Export BM Units in the same GSP Group which have elected to form a Trading Unit. The BM Units may have different Lead Parties.

BSCP31 currently contains the following text regarding Exempt Export BM Units:

"1.6 Trading Unit Approval

All Supplier Base and Additional (non Exempt Export) BM Units will belong to the Base Trading Unit for the relevant GSP Group. Exempt Export BM Units can elect to belong to the Base Trading Unit for the relevant GSP Group, but can also elect to belong to Sole or Class 4 Trading Units.

When in a Trading Unit with other Lead Parties, please note that changes to GC and DC values for other BM Units within the Trading Unit can affect the overall P/C status of the Trading Unit and thus the BM units within it, with the exception of Exempt Export BM units that have the P/C flag explicitly set.

1.7 Registration of an Exempt Export BM Unit in a Trading Unit

A Lead Party for an Exempt Export BM Unit is required to meet different registration requirements to those of other BM Units when registering an Exempt Export BM Unit within a Trading Unit.

An Exempt Export BM Unit will be automatically allocated to the Base Trading Unit of the relevant GSP Group, and such allocation will not require Panel approval. The Lead Party for an Exempt Export BM Unit can apply to rejoin the Base Trading Unit (only) on leaving a Sole or other approved Trading Unit, and this will not require Panel approval.

*A Lead Party for an Exempt Export BM Unit may apply to leave the Base Trading Unit and be registered with a new approved Trading Unit or Sole Trading Unit. This registration of an **approved or Sole Trading Unit will not require Panel approval.**"*

The processes and forms in Sections 3 and 4 of BSCP31 contain further details.

You can find a copy of the full draft P268 redlined changes to BSCP31 in Attachment E. In producing the draft changes, the P268 Workgroup has also taken the opportunity to generally 'tidy up' all references to P/C Status and Exempt Export BM Units throughout BSCP31.

Attachment A

P268

Detailed Assessment

20 July 2011

Version 3.0

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Appendix 4 – Current & P100 Service Description provisions

CRA Service Description v7.0 (P100 wording, 5 November 2003)	CRA Service Description v15.0 (current version – wording introduced by CP1228 on 26 June 2008)
<p>The CRA shall, for Exempt Export BM Units only: -</p> <p>7B.1 Register and maintain the Production / Consumption Flag (and status) of each Exempt Export BM Unit;</p> <p>7B.2 Amend such Production / Consumption Flag (and status), as instructed by the Lead Party of the BM Unit;</p> <p>7B.3 Recalculate the Production / Consumption Status as appropriate for a BM Unit where the P/C flag has been set as “dynamic”.</p>	<p>5.1.9 For Exempt Export BM Units the CRA shall:</p> <p>a) set or unset the Exempt Export Flag as appropriate for each BM Unit, as authorised by BSCCo; and</p> <p>b) amend the P/C Flag (and Status), as instructed by the Lead Party of the BM Unit, and notify BSCCo and BSC Agents of the change.</p>

You can find a copy of the full draft P268 redlined changes to the CRA Service Description in Attachment G. In producing the draft changes, the **P268 Workgroup** has also taken the opportunity to generally ‘tidy up’ all references to **P/C Status** and **Exempt Export BM Units** throughout the Service Description.