

Stage 01: Recommendation to raise a Modification Proposal and Initial Written Assessment

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Correcting the BSC description of the CDCA to SVAA interface for GSP Group net Export

ELEXON recommends that the Panel raise a Modification Proposal to correct a self evident error in the Code provisions relating to the CDCA to SVAA interface. The Modification would correct the Code provisions so that their application facilitates the delivery of accurate Settlement where there is Export by a GSP Group.

ELEXON recommends:



- Raise the attached Modification Proposal
- Progress it as a Self-Governance Modification Proposal
- Progress it directly to the Report Phase (with a proposed 15WD consultation period of 21/10/11 – 11/11/11)



Low Impact:
ELEXON

188/09

Recommendation to Raise a Modification Proposal/
Initial Written Assessment

7 October 2011

Version 0.4

Page 1 of 9

© ELEXON Limited 2011

Contents

1	Why Change?	3
2	Solution	6
3	Likely Impacts	6
4	Proposed Progression	7
5	Recommendations	9
6	Further Information	9

About this document:

This document is a recommendation by ELEXON to the Panel to raise a Modification Proposal. If the Panel agree to raise the Modification Proposal, this document will form its Initial Written Assessment (IWA).

We will present this recommendation to the Panel on 13 October 2011 for consideration of the recommendations and agreement whether to raise the Modification Proposal and how to progress it.

Further information is available in:

- Attachment A – Modification Proposal; and
- Attachment B – Draft legal text.



Any questions?

Contact:

Dean Riddell



dean.riddell@elexon.co.uk



020 7380 4366

188/09

Recommendation to Raise
a Modification Proposal/
Initial Written Assessment

7 October 2011

Version 0.4

Page 2 of 9

© ELEXON Limited 2011

1 Why Change?

Background

The Panel raised Issue 38, 'Potential Improvements to Credit Checking Rules to Support High Levels of Embedded Generation in North Scotland', in October 2009 to consider whether BSC processes would operate appropriately for Grid Supply Point (GSP) Groups with high levels of embedded generation.

The Issue 38 Group investigated a number of issues associated with increased levels of embedded generation. The Issue 38 Report of 10 December 2009 recommended that Modification Proposals should be raised to address three of the issues considered.

This Modification Proposal relates to one of these three issues, 'Issue 4: BSC description of interface from Central Data Collection Agent (CDCA) to Supplier Volume Allocation Agent (SVAA)'. A summary of previous Modifications relating to the two other recommended changes can be found in 'Related changes', below.

Issue 38

Issue 38 identified that the description of the interface between the CDCA and SVAA in section R5.7.1 (b) of the Code is not suitable where a GSP Group Exports.

Generally, under the Code flows of energy onto the Transmission System (Exports) are positive and flows of energy from the Transmission System (Imports) are negative. However, the Code recognises that data sent from the CDCA to the SVAA uses the opposite sign convention to maintain consistency with the operation of pre-existing SVAA software, i.e. for the purposes of the CDCA/SVAA interface Imports are positive values.

The Issue 38 Group considered that the reference to 'magnitude' in R5.7.1 implies that the provisions consider that a GSP Group will always Import. This is because, considered in the context of other Code provisions, the term 'magnitude' implies that the value being transferred from the CDCA will always be a positive value (which corresponds to Import). The Issue 38 Group concluded that the use of the term 'magnitude' is therefore incorrect because GSP Groups can Export. It should be noted that at the time of the Issue 38 Report no GSP Group had actually produced a net Export, but Export by a GSP Group has since occurred.

The Issue 38 Group was advised that the BSC Systems were capable of correct operation with respect to Export by a GSP Group. Export by a GSP Group since the Issue 38 Group made its report has shown this to be incorrect (see below) due to a defect in the CDCA software, but we do not believe this invalidates the Issue 38 Group's conclusions.

The Issue 38 Group recommended that a Modification Proposal should be raised on the grounds of efficiency to amend R5.7.1 (b) to make the requirement robust with respect to Exports (and aligned with way BSC Systems were, at that time, understood to operate). The draft legal text in Attachment B is based on the Issue 38 Group's recommended amendment to R5.7.1 (b).

Since the recommended change was a Code-only change, and understood to have no practical impact, it was agreed to be progressed when opportune. This has been our usual approach for minor amendments, intended to maximise the efficiency of their progression.



Why is Issue 38 relevant?

The Issue 38 Report recommended in 2009 that the Code should be changed to correct a self evident error.

Due to recent operational issues we believe the recommended change should be made now, to ensure the CDCA/ SVAA interface is consistent with accurate Settlement and to clarify how CDCA systems should operate.

188/09

[Recommendation to Raise a Modification Proposal/ Initial Written Assessment](#)
7 October 2011

Version 0.4

Page 3 of 9

© ELEXON Limited 2011

Export by a GSP Group in practice

In early September 2011 three Settlement Periods occurred in which, for the first time, a GSP Group had an Export associated with it. The CDCA systems did not operate as anticipated, and reported the volumes to the SVAA as positive values (indicating Import) instead of negative values (indicating Export).

The positive volume reported by the CDCA affected the GSP Group Correction process in SVAA, causing it to calculate metered volumes for each Supplier in the GSP Group that did not sum to the correct total volume of energy of the GSP Group. This discrepancy caused SAA to reject the Supplier metered volumes calculated by SVAA. As a short term measure the SAA validation tolerance was increased so the BSC processes could proceed.

Magnitude of CDCA software defect

Increasing the SAA tolerance enabled the volumes to be accepted by the SAA, but the discrepancy in volumes remained in Settlement. Effectively the CDCA reported the Export as an equal and opposite Import. This volume is shared amongst Suppliers in the affected GSP Group in proportion to their NHH demand, increasing the amount of demand allocated to them in that GSP Group; this increases their exposure to Imbalance Charges. Conversely, other Parties' Imbalance Charges are reduced by a decrease in the Transmission Losses assigned to them.

The volume associated with the CDCA system defect over the three affected Settlement Periods is 50.5MWh. Approximately 40MWh of this is associated with a single Party, equating to around a £1,500 ex VAT cost spread over the three Settlement Periods. The remaining volume (i.e. 10MWh) is spread primarily across three other Parties. The corresponding benefit of the discrepancy is spread across Parties through a reduction in their Transmission Losses.

Addressing the CDCA software defect

Addressing the identified CDCA software defect is not part of the Modification Proposal we recommend the Panel raise. As it is a defect in the systems managed by our Service Providers we are pursuing a resolution of the issue outside the BSC Change Process.

When the software issue was identified an ELEXON circular was issued to appraise industry participants. We will communicate to the industry any significant matters regarding this issue or its resolution.

The issue

The issue that this Modification Proposal seeks to address is that the relevant Code provisions that relate to the CDCA/SVAA data interface do not unambiguously require that CDCA systems treat GSP Group Export as a negative value. The provisions are unclear and refer to 'magnitude' (R5.7.1 (b)) which, when considered in the context of other BSC provisions, implies that both GSP Group Imports and Exports should be treated as positive values.

In the context of the issues with the CDCA systems caused by a software defect, this self evident error in the Code could cause uncertainty among Parties as to how the BSC systems should operate. Addressing the error will clearly align the provisions of the Code with the promotion of accurate Settlement in relation to Export by GSP Groups.

188/09

[Recommendation to Raise a Modification Proposal/ Initial Written Assessment](#)
7 October 2011

Version 0.4

Page 4 of 9

© ELEXON Limited 2011

Related changes

No BSC changes directly relate to or interact with this Modification Proposal, but the following information may be useful as background to this IWA.

Previous Modifications relating to Issue 38

Beside Issue 4, to which this Modification Proposal relates, the Issue 38 Report concluded that Modifications should be progressed in relation to two other areas:

- Issue 1: Reduced accuracy of the Credit Checking Process; and
- Issue 2: GSP Group treated as Production.

The Issue 38 Report concluded that a Modification Proposal addressing Issue 2 would need to be raised by a BSC Party, but ELEXON could ask the Panel to raise Modification Proposals for Issue 1, above, and Issue 4.

At ELEXON's request the Panel raised Modification Proposal P253, 'Improving the accuracy of the credit calculation for SVA participants' to address Issue 1. P253 was approved by the Authority in November 2010 for implementation on 3 November 2011.

Approved Modification P269, 'Prevention of Base Trading Unit BMUs' Account Status Flipping from Consumption to Production', relates to Issue 2 and was raised by SmartestEnergy on 3 February 2011. P269 will be implemented on 23 February 2012.

2 Solution

Proposed solution

This Modification proposes to amend the Code such that it clearly requires that when data is sent from the CDCA to the SVAA an Export from a GSP Group must have a negative value. This would be achieved by amending Section R of the Code as set out in the draft legal text in Attachment B.

Justification against the Applicable BSC Objectives

ELEXON believes the Modification Proposal better facilitates the achievement of BSC Objective (d), 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

We believe it is self evident that removing a clear error from the Code promotes efficiency in the BSC arrangements by ensuring that the practical intent of the BSC is clearly reflected and can be given effect, and that the provisions of the BSC unambiguously promote accurate Settlement.

Implementation Approach

Implementation of the recommended Modification would require only minimal changes to the Code. We therefore recommend that if approved it should be implemented 5 Working Days after approval. Implementation would be on a prospective basis.

3 Likely Impacts

Implementation Costs

Estimated Implementation Costs	
ELEXON effort	1 man day, equating to approximately £240
Service Provider	Zero
Total	£240

Impacts

The Proposed Solution is a Code only change, and would amend the BSC as set out in the draft legal text in Attachment B. Its implementation would have no affect on ELEXON's activities, BSC Parties and Party Agents, BSC Systems and process, Code Subsidiary Documents or the contractual arrangements with our service providers.

Impact on Code	
Code section	Potential impact
Section R: Collection and Aggregation of Meter Data from CVA Metering Systems	Amend such that R5.7.1 requires the CDCA to report a positive or negative value for GSP Group Take.

188/09

[Recommendation to Raise a Modification Proposal/ Initial Written Assessment](#)
7 October 2011

Version 0.4

Page 6 of 9

© ELEXON Limited 2011

4 Proposed Progression

Direct to Report Phase

F2.2.4 of the Code states that the Panel may progress a Modification straight to the Report Phase if the Panel's recommendation on the Modification would generally be considered to be self evident.

The Issue 38 Group clearly concluded that the current Code provisions relating to the CDCA/SVAA interface are not robust with respect to Export by GSP Groups and should be amended to correct this oversight.

ELEXON believes it is self evident that applying the relevant Code provisions in practice will have an adverse effect on Settlement since it would lead to Export volumes being reported by the CDCA as an equal and opposite Import. This would impact Parties exposure to Imbalance Charges.

Self-Governance

ELEXON believes this Modification Proposal meets the Self-Governance Criteria set out in Annex X-1 of the Code. We therefore recommend that the Panel progresses it as a Self-Governance Modification Proposal.

The proposed change to the Code would address a known discrepancy which is accepted to have no practical impact and the proposed change to CDCA systems would bring those systems into line with how they were understood, until recently, to operate.

The Modification addresses a known, self evident error in the Code and preserves the accepted status quo in terms of BSC systems operation; it therefore has no material impact on consumers, competition, Transmission System operation, wider market/network management issues or Code procedures, and does not discriminate between different classes of Parties.

Next steps

If the Panel agrees to raise the Modification Proposal, sending it directly to the Report Phase, we will issue the Report Phase consultation (on the Modification and the Panel's initial views) on 21 October 2011 with a deadline for responses of 11 November 2011 (i.e. 15 Working Days duration). The results will be presented to the Panel at its meeting on 8 December 2011.

If the Panel agrees that the Modification Proposal should progress via Self-Governance, then the Panel:

- Is required to submit a Self-Governance Statement to the Authority, which must include:
 - The detailed reasons for the Panel's belief that the Modification Proposal satisfies the Self-Governance Criteria; and
 - The date that the Panel intends to decide whether to approve the Modification Proposal (we suggest this be the date of the Panel meeting at which the Panel will consider the Report Phase consultation responses, i.e. 8 December 2011).

ELEXON would submit this statement to the Authority on the Panel's behalf, reflecting in it the Panel's conclusions on the relevant matters, at the same time we issue the Report Phase Consultation;

- May choose to ask the industry (as part of the Report Phase Consultation) whether the Modification Proposal should proceed as Self-Governance;
- Is required to submit any consultation responses on Self-Governance to the Authority at least seven days before the Panel intends to make its decision whether to approve the Modification Proposal (i.e. seven days before the Panel meeting on 8 December 2011, subject to the Panel's agreement);
- May withdraw its Self-Governance Statement at any time before the Panel decides whether to approve the Modification Proposal; and
- Must comply with any direction from the Authority not to treat the proposal as a Self-Governance Modification Proposal, providing this direction is made before the Panel decides whether to approve the Modification Proposal.

If the Panel believes that the Modification Proposal does not satisfy the Self-Governance Criteria, the Modification Proposal will progress through the Report Phase as normal (providing the Authority does not issue a contrary direction).

The Self-Governance provisions are set out in Section F6 of the Code.

Estimated progression costs

Estimated progression costs based on proposed timetable

ELEXON resource	3 man days, equating to approximately £720
-----------------	--

The ELEXON resource cost is an estimate of how much time and effort it will take us to progress P270 through the Report Phase. The resource is minimal since the only activities will be considering consultation responses and updating the Draft Modification Report for the Panel's consideration.

Below is our estimate of the cost that will be incurred by the industry in responding to the P270 Report Phase consultation.

Estimate of industry assessment costs

Consultation response support	Est #con	Est #resp	Est effort	Est rate	Total
	1	8	2.5	605	£12,100

Consultation costs are an estimation of the anticipated industry response to the Report Phase consultation issued to support the recommended Modification and the approximate time and effort spent on responses. The calculation is based upon an anticipated number of 8 responses to the consultations, and assumes each response requires 2.5 man days of industry effort. A standard rate of £605 per man day is applied.

5 Recommendations

Based on this recommendation document and Initial Written Assessment, ELEXON invites the Panel to:

- RAISE the Modification Proposal in Attachment A.

And, with respect to progression:

- DETERMINE that the Modification Proposal is submitted directly to the Report Phase;
- AGREE a provisional recommendation that the Proposed Modification should be made;
- AGREE a provisional Implementation Date for the Proposed Modification of 5 Working Days following approval;
- AGREE the draft legal text for the Proposed Modification, as set out in Attachment B; and
- AGREE that the draft Modification Report should be issued for consultation and submitted to the Panel at its meeting on 8 December 2011.

And, with respect to Self-Governance:

- AGREE a provisional view that the Modification Proposal meets the Self-Governance Criteria;
- NOTE that, if the Panel agrees that the Modification Proposal meets the Self-Governance Criteria, ELEXON will prepare and submit a Self-Governance Statement to the Authority setting out the Panel's reasons for its view;
- DETERMINE whether the Report Phase Consultation should seek industry views on whether the Modification Proposal meets the Self-Governance Criteria; and
- NOTE that the Panel has the ability to change its mind on Self-Governance at its next meeting, and that the Authority has the ability to independently determine whether the Modification Proposal is Self-Governance.

6 Further Information

More information will be available on the Modification page of the ELEXON website, and further information is included in the attachments to this document:

Attachment A – Modification Proposal

Attachment B – Draft legal text



Go to Report Phase

We recommend the Panel raise the Modification Proposal, sending it straight to the Report Phase with a view that it should be approved

We also recommend the Panel progresses the Modification as a Self-Governance Modification Proposal.

188/09

[Recommendation to Raise a Modification Proposal/ Initial Written Assessment](#)
7 October 2011

Version 0.4

Page 9 of 9

© ELEXON Limited 2011

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: TBC (mandatory by BSCCo)
Title of Modification Proposal (mandatory by originator): Correcting the BSC description of the CDCA to SVAA interface for GSP Group net Export	
Submission Date (mandatory by originator): XX October 2011	
Description of Proposed Modification (mandatory by originator) This Modification would amend the Balancing and Settlement Code ('the Code') such that it clearly requires that when data is sent from the Central Data Collection Agent (CDCA) to the Supplier Volume Allocation Agent (SVAA) an Export from a GSP Group must have a negative value.	
Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by originator) Generally, under the Code flows of energy onto the Transmission System (Exports) are positive and flows of energy from the Transmission System (Imports) are negative. However, the Code recognises that data sent from the CDCA to the SVAA uses the opposite sign convention to maintain consistency with the operation of pre-existing SVAA software, i.e. for the purposes of the CDCA/SVAA interface Imports are positive values. GSP Groups typically Import energy from the Transmission System. If a GSP Group Exports energy to the Transmission System in a Settlement Period, the volume associated with the GSP Group for that Settlement Period should be treated as an Export, i.e. the energy volume sent from the CDCA to the SVAA should be a negative value. This is because: <ul style="list-style-type: none"> • The established view of industry participants is that the CDCA systems should operate in this way, as evidenced by the conclusions of the Issue 38 Report; • The CDCA System Specification indicates this is how the CDCA systems should operate, and how they were believed to operate in practice until recently; and • Treatment by CDCA systems of an Export from a GSP Group as a positive value would have a self evident detrimental impact on Settlement accuracy. This issue this Modification Proposal seeks to addresses is that the provisions in Section R of the Code (specifically R5.7.1) that relate to the CDCA/SVAA data interface do not unambiguously require that CDCA systems treat GSP Group Export as a negative value. The provisions are unclear and refer to 'magnitude' (R5.7.1 (b)) which, when considered in the context of other BSC provisions, implies that both GSP Group Imports and Exports should be treated as positive values.	
Impact on Code (optional by originator) Amendment of Section R, 'Collection and Aggregation of Meter Data from CVA Metering Systems'.	
Impact on Core Industry Documents or System Operator-Transmission Owner Code (optional by originator) None.	

Modification Proposal – BSCP40/03	MP No: TBC (mandatory by BSCCo)
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties (optional by originator) None.	
Impact on other Configurable Items (optional by originator) None.	
Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by originator) We believe this Modification Proposal better facilitates the achievement of BSC Objective (d), ‘Promoting efficiency in the implementation and administration of the balancing and settlement arrangements’. We believe it is self evident that removing an acknowledged error/ambiguity from the Code promotes efficiency in the BSC arrangements, by ensuring the practical intent of the BSC is clearly reflected and can be given effect and that the provisions of the BSC unambiguously promote accurate Settlement.	
Is there a likely material environmental impact? (mandatory by originator) No.	
Urgency Recommended: Yes / No (delete as appropriate) (optional by originator)	
Justification for Urgency Recommendation (mandatory by originator if recommending progression as an Urgent Modification Proposal)	
Self-Governance Recommended: Yes / No (delete as appropriate) (mandatory by originator)	
Justification for Self-Governance Recommendation (mandatory by originator if recommending progression as Self-Governance Modification Proposal) We believe that this Modification Proposal fulfils the Self-Governance Criteria set out in Annex X-1 of the Code. The proposed change to the Code would address a known discrepancy which is accepted to have no practical impact. The Modification addresses a known, self evident error in the Code and therefore has no material impact on consumers, competition, Transmission System operation, wider market/network management issues or Code procedures, and does not discriminate between different classes of Parties.	
Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews? (mandatory by originator in order to assist the Panel decide whether a Modification Proposal should undergo a SCR Suitability Assessment) Yes; there is no ongoing Significant Code Review relevant to the issue this proposal seeks to address.	

Modification Proposal – BSCP40/03	MP No: TBC (mandatory by BSCCo)
Details of Proposer:	
<i>Name</i> <i>BSC Panel</i>	
<i>Organisation</i>	
<i>Telephone Number</i>	
<i>Email Address</i>	
Details of Proposer's Representative:	
<i>Name</i>Modification Secretary	
<i>Organisation</i>ELEXON	
<i>Telephone Number</i> ...020 7380 4117	
<i>Email address</i> adam.richardson@elexon.co.uk	
Details of Representative's Alternate:	
<i>Name</i>Dean Riddell	
<i>Organisation</i>ELEXON	
<i>Telephone Number</i> ...020 7380 4366	
<i>Email address</i> dean.riddell@elexon.co.uk	
Attachments: Yes / No (delete as appropriate) (mandatory by originator)	
If Yes, Title and No. of Pages of Each Attachment:	
Draft Legal Text (1 page)	
Initial Written Assessment (9 pages)	

P27X – PROPOSED LEGAL TEXT

SECTION R: COLLECTION AND AGGREGATION OF METER DATA FROM CVA METERING SYSTEMS (Version 11)

4.2 Submission to CDCA

Amend the typographical error in paragraph 4.2.1 as follows:

- 4.2.1 BSCCo shall submit to the CDCA, in accordance with ~~BSCP28~~BSCP128, for each relevant Metering System, Line Loss Factors as submitted to and approved by the Panel, or as from time to time applying in default of such submission or approval, pursuant to Section K1.7.

Amend the typographical error in paragraph 4.2.2 as follows:

- 4.2.2 If for any relevant Metering System, Line Loss Factor(s) as specified in the Aggregation Rules have not been submitted to the CDCA, the CDCA shall assume a default Line Loss Factor of 1.0 or as otherwise provided in ~~BSCP28~~BSCP128 until such time as the required Line Loss Factor(s) are submitted to it.

5.7 Submission of Aggregated Meter Data

Amend paragraph 5.7.1 to read as follows:

- 5.7.1 The CDCA shall submit in accordance with BSCP01:
- (a) for each relevant BM Unit, Interconnector and GSP Group respectively, BM Unit Metered Volumes, Interconnector Metered Volumes and GSP Group Takes for each Settlement Period to the SAA;
 - (b) the ~~magnitude-value~~ of the GSP Group Take for each GSP Group for each Settlement Period to the SVAA (but not in relation to any Interim Information Volume Allocation Run);
 - (c) Interconnector Metered Volumes in relation to each Interconnector for each Settlement Period to the Interconnector Administrator; and
 - (d) for each Credit Qualifying BM Unit which is not a Supplier BM Unit Metered Volumes which have been received by the CDCA for each Settlement Period to the ECVAA.

Insert new paragraph 5.7.2 to read as follows:

5.7.2 For the purposes of paragraph 5.7.1(b), the value to be submitted by the CDCA shall be:

(a) positive if the GSP Group is a net importer; or

(b) negative if the GSP Group is a net exporter.