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**INITIAL WRITTEN ASSESSMENT OF
MODIFICATION PROPOSAL P70**

CMRS Metering for Inter-DNO Boundaries Within A GSP Group

Prepared By ELEXON Limited

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A DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	07/03/02	Trading Development		
1.0	08/03/02	Trading Development		

Version	Date	Reviewer	Signature	Responsibility
0.1	07/03/02	Trading Development		
1.0	08/03/02	Trading Strategy		

b Distribution

Name	Organisation
BSC Panel	Various

c Intellectual Property Rights and Copyright

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d Related Documents

The following documents are referenced from within this document using the following convention [RD/x]:

- 1 Definition Report – Modification Proposal P62 – Changes to Facilitate Competitive Supply on the Network of New Licensed Distributors – Version 1.0 – 8 March 2002

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1 INTRODUCTION

This Report has been prepared by ELEXON Ltd. on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

2 EXECUTIVE SUMMARY

P62 was raised by TXU UK Ltd on 3 January 2002 in order to make changes to the BSC to recognise new licensed distributors, introduced by the Utilities Act 2000 (which came into effect on 1st October 2001).

The text of Modification Proposal P62 explicitly excluded changes to allow distributors to register within Central Meter Registration Service (CMRS) any meter between two Distribution Systems in the same GSP Group. Such metering is not required for the purposes of Supplier Volume Allocation, but may be desirable for other reasons e.g. ensuring that the allocation of Distribution Use of System (DUoS) charges between Suppliers is equitable.

P70 was raised by SEEBOARD on 1 March 2002 in order to progress this aspect of the overall new licensed distributor solution.

ELEXON recommends that P70 be assessed in parallel with P62, however ELEXON does not recommend that P70 be amalgamated with P62, as this would remove the necessary flexibility in assessing the different needs of each Modification Proposal.

Based on the recommendations within the P62 Definition Report [RD/1], ELEXON recommends that P70 be submitted to a three month Assessment Procedure, under the provisions of Section F2.6 of the Code. This would require the Assessment Report to be completed for the Panel meeting on 13 June 2002.

The Assessment Procedure should be undertaken by the existing Volume Allocation Modification Group (VAMG), in particular those already responsible for progressing P62.

3 DETAILS OF THE MODIFICATION PROPOSAL

The Utilities Act 2000 (which came into effect on 1st October 2001) creates a requirement for new licensed distributors to be able to join the Balancing and Settlement Code (BSC) and the Master Registration Agreement (MRA), and comply with the Settlement Agreement for Scotland (SAS).

The Distribution Business Focus Group (DBFG) is an industry group (established by the MRA Executive Committee) that has examined a number of options for amending industry documents to support new licensed distributors. Following consultation with Parties to the MRA and BSC, the DBFG recommended an approach called Option 7, which can be summarised as:

One distribution business equals one SMRS without the creation of new GSP Groups.

TXU UK Ltd raised Modification Proposal P62 on 3 January 2002 in order to progress the BSC aspects of Option 7 under BSC governance. This modification is currently in the Definition Procedure.

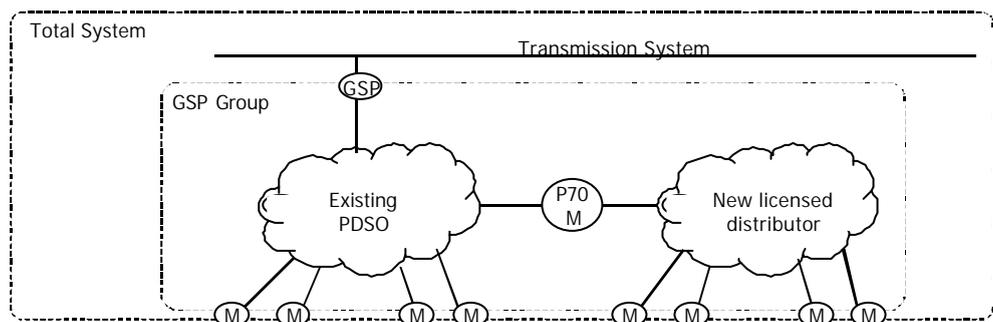
The text of Modification Proposal P62 noted that the following additional change had been discussed at the DBFG, but was not intended to fall within the scope of P62:

Changes to allow distributors to register within CMRS the boundary metering between two Distribution Systems in the same GSP Group. (Such metering is not required for the purposes of Supplier Volume Allocation, but may be desirable for other reasons e.g. ensuring that the allocation of DUoS charges between Suppliers is equitable.

During their initial work the DBFG categorised this change as a desirable requirement and also recognised that a wide range of views existed on the subject. The DBFG decided not to put at risk the core requirements of P62 and considered that the most flexibility would be obtained by raising this as a separate Modification Proposal, should a Party wish to do so.

P70 was raised by SEEBOARD on 1 March 2002 in order to progress this aspect of the overall new licensed distributor solution. Figure 3.1 provides an example of a new licensed distribution network connecting to an existing Public Distribution System operated by the Public Distribution System Operator (PDSO). The meters shown as "M" represent standard entry/exit points with the Total System registered in Supplier Meter Registration Service (SMRS). The meter being proposed in P70 is shown as "P70 M" and resides between the two Distribution Networks, but not at a boundary to a GSP Group or the Total System.

Figure 3.1 – P70 Example



4 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Registration	The proposed mechanism will require registration changes to allow these new meters to be registered in CMRS.
Collection and Aggregation of Metered Data	The proposed mechanism will require changes to allow new aggregation rules to be defined that are not associated with a GSP Group or BM Unit. These aggregated values are not to enter Settlement, they are however to be available for reporting, in the same way as any other meter in CMRS.

5 IMPACT ON DOCUMENTATION

5.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
K: Classification and Registration of Metering Systems and BM Units	Section K2.1 only allows a Boundary Point Metering System or Systems Connection Point Metering System to be registered in CMRS. The proposed a meter would not be at a Boundary Point with the Total System, and a Systems Connection Point explicitly excludes a point of connection between Distributions systems in the same GSP Group.
R: Collection and Aggregation of Metered Data from CVA Metering Systems	This section will need to change to reflect that a meter between the two Distribution Systems may be installed and that any aggregation rules must not affect Settlement.
X: Definitions and Interpretation	This would need to be changed to reflect any changes to K2.1

5.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	It is likely that the BSCP20 and BSCP75 will need to be changed to allow these new meters to be registered and for aggregation rules to be defined.

6 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

The issues for P70 are sufficiently clear to recommend the use of the Assessment Procedure. The main criteria is to ensure it is assessed in parallel with P62 and does not report back to the Panel before the P62 Assessment Procedure.

ELEXON recommends that P70 be assessed in parallel with P62, however as explained in the Section 7, ELEXON does not recommend that P70 be amalgamated (Section F2.3 of the BSC) with P62, as this would remove the necessary flexibility in assessing the different needs of each Modification Proposal.

The P62 Definition Report [RD/1] is being submitted to the same Panel meeting as this Initial Written Assessment (IWA). The Modification Group recommendation is that P62 is submitted to a 3 month Assessment Procedure, under the provisions of Section F2.6 of the Code.

ELEXON recommends that P70 be submitted to the same three-month Assessment Procedure to report back to the Panel on the same date, namely 13 June 2002.

The Assessment Procedure should be undertaken by the existing Volume Allocation Modification Group (VAMG), in particular those already responsible for progressing P62.

It is expected that joint Modification Group meetings will be held. However, the decision on whether to hold joint or independent impact assessments and consultations will be decided by the Group during the assessment.

7 ISSUES

ELEXON believe the main issue this modification raises is whether the proposed meter, although not directly required for Settlement, is sufficiently important to the successful operation of multiple licensed distributors within the same GSP Group, that it should be registered in CMRS:

- The P62 (DBFG Option 7) solution does not require a meter to be placed between two Distribution Systems within the same GSP Group in order to obtain the necessary data for Supplier Volume Allocation;
- the current BSC section K2.1 states that the only meters to be registered in Central Meter Registration Service (CMRS) are a Boundary Point Metering System or a Systems Connection Point Metering System. The proposed meter would not be at Boundary Point with the Total System, and a Systems Connection Point Metering System explicitly excludes a point of connection between Distribution Systems in the same GSP Group;
- the DBFG recognised that this meter would however be useful, and could have an indirect impact of the quality of data within Supplier Volume Allocation (e.g. calculation of Line Loss Factors (LLF)).
- P70 seeks to address this issue by suggesting that metering at such points should be handled by industry standard metering arrangements, namely by registering such meters in CMRS. This would allow the concerned Parties to benefit from the efficiency of centrally collected and reported data, rather than a bilateral agreement between the distributors concerned.

Although P70 suggests no changes will be required to the BSC systems, it is believed that a small software change is required to the aggregation rules used by Central Data Collection

Agent (CDCA) to allow these meters to be aggregated but not to impact the operation of Settlement. The cost recovery of such a change would need to be considered and whether P70 is sufficiently key to the successful operation of new licensed distributors to consider it as part of the overall costs of introducing new licensed distributors.

P70 is linked to P62 and is only relevant if P62 is also approved. However, the reverse does not necessarily hold and P62 can be progressed independently of P70, viewing P70 as an optional component.

During their early work the DBFG recognised that other related Modification Proposals may be required before P62 is finally implemented. One such example is the handling of Distribution Systems that are directly connected to the Transmission System.

ELEXON believe this would be an argument against amalgamating P70 with P62 and attempting to use an Alternative Modification to present the two solutions.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal – F76/01	MP No: 70 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i> CMRS Metering for inter-DNO Boundaries within a GSP Group	
Submission Date <i>(mandatory by originator):</i> 1st March 2002	
Date Logged <i>(mandatory by BSCCo):</i>	
Description of Proposed Modification <i>(mandatory by originator)</i> <p>The metering arrangements at Distribution System Connection Point (DSCP) (i.e. the boundary between two distribution networks) within the same GSP Group should be considered and treated in an exactly similar manner to the metering arrangements at a DSCP coincident with the boundary of two GSP Groups except for the sending of data into settlements SAA, i.e:</p> <ul style="list-style-type: none"> • CMRS compliant metering should be installed & registered under BSCP20 by the majority importing party. • Aggregation Rules for the metering would be submitted by the Registrant under BSCP75, however the GSP Group Registrant (PDSO) would not include the DSCP within the GSP Group Aggregation Rules which would result in the data being excluded from Settlements. • The CDCA would perform their normal data collection, validation, MAR etc processes as per the industry rules and data would be sent to interested parties in the NDFC format (such as CDCA-I012, CDCA-I014 & CDCA-I030 files) in the normal manner by the appropriate Party, Central Agent or Part Agent. <p>The possibility of this modification was recognised by the DBFG in the preparation of P62 and also the subsequent P62 IWA. It is proposed this modification should be considered in parallel to P62. It is suggested that there may be a case for merging this modification with P62.</p>	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i> <p>It is current practice to meter boundary points to distribution networks with industry standard metering arrangements whether at GSP, DSCP or customers premises (MPAN) - excepting permitted unmetered supplies which are accommodated on an estimated basis within MPANs. The introduction of multiple licensed distributors within a GSP Group, and the current BSC rules in K2.1 for placing meters in CMRS (i.e. not between Distribution Systems in the same GSP Group) would break this arrangement by leaving the metering arrangements at a DSCP outside of these industry standard metering arrangements. This modification seeks to address this by bringing metering at such points within the industry arrangement for Registration, Meter Operation, Data Collection and data provision to Parties.</p> <ol style="list-style-type: none"> 1. Both of the DNOs will require metering at the boundary for their own operational network management purposes. 2. The stability and accuracy of settlements is of paramount importance to Suppliers and Elexon, requiring strong compliance in distribution (MPAN creation, disconnection and management), registration and metering agents. It is by no means clear what level of performance will develop in new distribution areas. CMRS registered boundary metering with publicly available CDCA collected data will enable Elexon and Suppliers to monitor the relative performance within all licensed Distributor boundaries and thereby ensure Applicable BSC Objectives are maintained in respect of quality of information entering Settlements. 3. The existing DNO will required metering for the purposes of billing - this is necessary if suppliers are to obtain their desired objective of receiving a single distribution bill from the "final" DNO to whom the end customer is connected and for robust derivation of new DNO line loss factors. This necessitates inter DNO 	

Modification Proposal – F76/01	MP No: 70 <i>(mandatory by BSCCo)</i>
<p>metering.</p> <ol style="list-style-type: none">4. Both DNOs will require metering in order to accurately perform the calculation of losses for the price control. Ofgem require a robust auditable process for this calculation.5. There already exist standards & processes for metering equipment, registration, meter operation, data collection etc. It does not seem appropriate to have a different set for inter-DNO boundaries when CRA/CDCA have already indicated that they could manage this in CMRS without it effecting settlements.	
Impact on Code <i>(optional by Originator)</i>	
Impact on Core Industry Documents <i>(optional by Originator)</i>	

Modification Proposal – F76/01	MP No: 70 <i>(mandatory by BSCCo)</i>
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i> No identified impact on BSC & Other relevant systems - the purpose of this modification is to require parties to utilise exiting systems and process rather than creating new ones for particular circumstances.	
Impact on other Configurable Items <i>(optional by originator)</i> 	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i> The proposed modification will better facilitate the achievement of the following BSC Objectives, (as are set out in paragraph 3 of Condition C3 of the Transmission Licence): "(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity; and (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements." By (among other things): <ul style="list-style-type: none">• The use of industry standard processes & systems already in place allowing for registration and configuration of such metering as well as data collection and distribution without additional development costs.• Provision and Monitoring of information that would enable Elexon, BSC Auditors, BSC Parties & Ofgem to audit the individual performance of both new and existing participants thus contribution to the overall quality of data entering Settlements.• Accurate derivation of new DNO line loss factors through access to data on consumption flowing into and out of its network. Whilst BSC Objectives do not recognise DNO duties the proposed modification would have the effect of better facilitating those aspects of DNO activities that correspond to the activities identified for the Transmission Company under the following BSC Objectives: "(a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence; and (b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System;" By (among other things):	

Modification Proposal – F76/01	MP No: 70 <i>(mandatory by BSCCo)</i>
<ul style="list-style-type: none"> Operational network management within and between neighbouring DNOs. To facilitate the billing of the existing DNO to the new embedded DNO for use of system thus enabling the new DNO to incorporate such charges in a composite invoice to suppliers & thereby reducing the need for separate use of system invoices to be created by each separate DNO and sent to for suppliers. <p>Finally the Solution will enable the submission of regulatory returns/accounts to Ofgem with no material degradation of accuracy.</p>	
<p>Details of Proposer:</p> <p><i>Name.....Peter Merrick.....</i></p> <p><i>Organisation.....SEEBOARD Power Networks plc</i></p> <p><i>Telephone Number.....01444 4777.....</i></p> <p><i>Email Address.....pmerrick@seeboard.com.....</i></p>	
<p>Details of Proposer's Representative:</p> <p><i>Name.....As above.....</i></p> <p><i>Organisation.....</i></p> <p><i>Telephone Number.....</i></p> <p><i>Email address.....</i></p>	
<p>Details of Representative's Alternate:</p> <p><i>Name.....Jonathan Purdy</i></p> <p><i>Organisation.....SEEBOARD Power Networks plc</i></p> <p><i>Telephone Number.....01444 477724.....</i></p> <p><i>Email address.....jpurdy@seeboard.com.....</i></p>	

Modification Proposal – F76/01	MP No: 70 <i>(mandatory by BSCCo)</i>
Attachments: Yes / No <i>(delete as appropriate) (mandatory by originator)</i> If Yes, Title and No. of Pages of Each Attachment:	