P354 'Use of ABSVD for non-BM Balancing Services at the metered (MPAN) level'

This Modification seeks to allow the Transmission Company to provide Applicable Balancing Services Volume Data (ABSVD) for non-BM Balancing Services providers to BSC Central Systems for allocation to the appropriate Supplier account to correct their Energy Imbalance position.

This Assessment Procedure Consultation for P354 closes:

5pm on **15 December 2017**

The Workgroup may not be able to consider late responses.

The P354 Workgroup initially recommends **approval** of P354

This Modification is expected to impact:

- Supplier Volume Allocation Agent
- Settlement Administration Agent
- Balancing Mechanism Reporting Service
- Transmission Company
- Suppliers
- Half Hourly Data Aggregators
- Non-Balancing Mechanism Balancing Services Providers
- ELEXON

ELEXON

Phase

- Initial Written Assessment
- Definition Procedure
- Assessment Procedure
- Report Phase
- Implementation

Contents

About This Document

The purpose of this P354 Assessment Procedure Consultation is to invite BSC Parties and other interested parties to provide their views on the merits of P354. The P354 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 8 February 2018 on whether or not to approve P354.

There are five parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC for P354.
- Attachment B contains the draft redlined changes to BSCP11 for P354.
- Attachment C contains the P354 Business Requirements.
- Attachment D contains the specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.

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1 Summary

Why Change?

The Transmission Company (TC) procures Balancing Services[1] to ensure both quality and security of supply of electricity in Great Britain. Often, these Balancing Services can be sourced from Parties active in the Balancing Mechanism (BM) (with variations in energy instructed by a Bid-Offer Acceptance (BOA), or via instructions to service providers who do not participate in the BM to vary their production or consumption.

When a Balancing Services provider delivers energy via a BOA, their Energy Account is adjusted for the amount of energy that they are instructed. Provided that they vary their output in accordance with the BOA, the Balancing Services provider's exposure to imbalance cashout is not varied.

When a Balancing Services provider delivers energy via an instruction (other than a BOA), there is a variation in their production and/or consumption of energy which may be adjusted via a process known as Applicable Balancing Services Volume Data (ABSVD). This adjustment is made to the Energy Account of the BSC Party who registered the Settlement meters which, in the case of a customer would usually be their Supplier. However, there are two potential issues with this process:

- The current process requires the TC to allocate the ABSVD volume to the correct BSC Party and BM Unit in order to submit it to Settlement. In the case of non-BM providers the TC does not have a process in place to do this; and
- For many services, having the Energy Account adjusted is optional and a Balancing Services provider (through the BSC Party who registers the Balancing Services provider's Meter) can elect not to have their account adjusted.

This often results in the BSC Party of a Balancing Services provider instructed outside of the BM retaining their exposure to imbalance cashout.

ABSVD methodology

The TC intends to informally consult on modifications to the ABSVD methodology statement with changes that would:

- Remove the ability for a Balancing Services provider to opt-out of having their Energy Account adjusted following the volume of service delivery; and
- For non-BM services, allow the TC to submit the adjustment data by Meter (MSID Pair) rather than by BM Unit (removing the TC's need to know who the BSC Party responsible for the Balancing Services provider's energy production and/or consumption).

P354 'Use of ABSVD for non-BM Balancing Services at the metered (MPAN) level' is designed to accommodate the above changes to the ABSVD methodology. The reasons for the potential change will be set out in the C16 ABSVD informal consultation, however, they may be summarised as follows:

- The European Electricity Balancing Guidelines (EB GL) will require the adjustment of the Energy Account of a Balancing Services provider from Q2 2019; and

[1] Please refer to the corresponding C16 ABSVD informal consultation for further information on Balancing Services.

What are Balancing Services?

National Grid procures Balancing Services in order to balance demand and supply and to ensure the security and quality of electricity supply across the GB Transmission System. In accordance with the Transmission Licence, National Grid is required to establish and publish statements and guidelines on Balancing Services. Balancing Services include:

- Frequency Response;
- Reserve power
- System Security;
- Trade Energy;
- Reactive Power; and
- Settlements.

Further information can be found on the Balancing Services page of the National Grid website.

What are MPANs and MSIDs?

Each point of entry and exit onto a Distribution System Operator's Distribution System has an associated Metering Point, and each Metering Point has an associated Administration Number (MPAN) and Metering System Identifier (MSID). MPAN is the term used in the Master Registration Agreement (MRA), while the BSC uses the term MSID, but they are one and the same.

- Currently similar services are treated differently in Settlement, depending upon the mechanism used to dispatch and settle them.
    - Where the service is dispatched using a BOA, an adjustment will always be made to imbalance.
    - Where the service is not dispatched using a BOA, and the TC is able to allocate the volume to a BM Unit, an adjustment may be made to imbalance depending upon whether the Lead Party opts out of having ABSVD allocated to their account.
    - Where the service is not dispatched using a BOA and the TC is not able to allocate the volume to a BM Unit, no adjustment can currently be made to imbalance.

Solution

P354 allows the TC to provide Delivered Volumes for each Metering System Identifier (MSID) Pair (always one Import Meter and in most cases one Export Meter[2]) to BSC systems.

The BSC Systems will allocate ABSVD to MSIDs using the delivered volumes and MSID-level Half Hourly (HH) metered data, provided by Half Hourly Data Aggregators (HHDAs). The BSC Systems will then aggregate MSID-level ABSVD to Supplier Account level and use this to correct the Supplier's Energy Imbalance position.

Impacts & Costs

P354 will directly impact Suppliers, HHDAs, TC and non-BM Balancing Services providers. The TC will be required to send Delivered Volumes by MSID Pair and HHDAs will be required to send metered data for all requested MSIDs to the Supplier Volume Allocation Agent (SVAA) to allow the SVAA to allocate non-BM ABSVD to each MSID. Suppliers will have their position corrected to remove the effect of non-BM ABSVD, and so will no longer receive the imbalance cash flow resulting from non-BM ABSVD.

The TC will be required to amend its ABSVD Methodology, which forms part of its C16 Statements, to add provisions relating to non-BM ABSVD to enable the P354 solution.

P354 will require changes to the SVAA, Settlement Administration Agent (SAA) and Balancing Mechanism Reporting Service (BMRS) BSC Systems, with BSCCo's service provider costs of approximately £300k.

Implementation

P354 is proposed for implementation on **1 April 2019** as a Standalone Release.

[2] In some circumstances, the MSID Pair will only contain an Import MSID e.g. for Demand Side Response (DSR).

Recommendation

The majority of the Workgroup initially believes that P354 would better facilitate Applicable BSC Objectives (a), (b), (c), (d) and (e) compared to the current baseline, and should therefore be approved.

How is Energy Imbalance calculated for Balancing Services delivered to the Transmission Company?

BSC Section T 'Settlement and Trading Charges' 4.6 defines the determination of Energy Imbalance for each Energy Account. This is designed to take into account Balancing Services delivered to the TC by ensuring that these actions do not create Energy Imbalance.

In the case of Balancing Services instructed through the BM, the energy volumes are entered into Settlement through accepted:

- Bids (proposals to reduce generation or increase consumption); and
- Offers (proposals to increase generation or reduce consumption).

Suppliers' Energy Imbalance positions are "corrected" as a result.

BM Unit level ABSVD is specified in BSC Section Q 'Balancing Mechanism Activities' 6.4 and is determined in accordance with Special Condition C16 of the Statements of the Transmission Licence.

In the case of Balancing Services instructed outside the BM, Suppliers' Energy Imbalance positions are influenced (without the Suppliers' knowledge) by the provision of Balancing Services and the resulting "incorrect" Energy Imbalance positions are settled. These Balancing Services would usually make a Supplier's position longer, which would result in an increased amount, or "spill" payment which is paid to the Supplier.

What are the Transmission Licence C16 Statements?

National Grid is required to establish statements and methodologies under Special Condition C16 of the Statements of the Transmission Licence. One of these is the ABSVD Methodology Statement. This Statement sets out the information on Applicable Balancing Services that will be taken into account under the BSC for the purposes of determining Imbalance Volumes.

The Statement may only be modified in accordance with the processes set out in Standard Condition 16 of the Transmission Licence. This includes a 28-day Consultation period on any proposed changes with the industry. On an annual basis, National Grid undertakes this Consultation in respect of the C16 Statements. National Grid is then required to submit final proposals to the Authority seven calendar days later.

What is the issue?

The Proposer identified a defect in the current arrangements for notifying ABSVD from the TC to ELEXON. BSC Parties are not obliged to specify a BM Unit for the provision of Balancing Services and, if they do, they can opt out of receiving ABSVD by notifying the TC. Where the Balancing Services provider is not a BSC Party, it will not be able to specify a BM Unit as currently it is unable to register BM Units, so no ABSVD can be notified against BM Units.

For Balancing Services provided where no BM Unit has been specified, the Balancing Services provider is paid at the agreed utilisation price, but the Energy Account of the

What is ABSVD?

BM Unit ABSVD is provided by the TC to BSC Systems for use in the calculation of Period BM Unit Balancing Services Volume, which is the volume of all energy associated with Balancing Services used in the determination of imbalance.
The BSC allows Parties to opt out of receiving BM Unit ABSVD.
The TC does not currently provide non BM Unit ABSVD to BSC Systems which is consequently excluded from the ABSVD Methodology.

What is the full list of Statements and guidelines listed in the Transmission License?

In accordance with Special Condition C16 of the Statements of the Transmission Licence, National Grid is required to establish statements and guidelines, which are as follows:

- Procurement Guidelines;
- Balancing Principles Statement;
- System Management Action Flagging;
- Balancing Services Adjustment Data (BSAD);
- ABSVD Methodology; and
- STOR Weighting Factors.

Supplier responsible for the Energy Imbalances they cause does not have the associated energy removed. The additional imbalance energy created results in an additional payment to the Supplier, which they may share with the Balancing Services provider.

This effectively allows some BM participants and all non-BM participants to take account of a second income stream. In addition to its Balancing Services payment, imbalance revenue then becomes this additional revenue stream when constructing tenders for services. Since this income stream is not taken into account in the procurement of the Applicable Balancing Services set out in the ABSVD Methodology, this subsequently leads to inefficient procurement and also inefficient despatch decisions by the TC. It also places non-BM Balancing Services providers in an advantageous position compared to BM Balancing Services providers.

The Proposer estimates that since November 2015, when non-BM STOR volume data was first published[3], the total additional imbalance revenue amounts to around £17 million at an average rate of £103/megawatt-hour (MWh). This gives an indication of the maximum saving per year to consumers that would have been achieved had this Modification been implemented alongside P305 'Electricity Balancing Significant Code Review Developments'. Higher cashout prices would increase these spill payments and therefore the potential savings.

Whilst the focus here is the impact on BM STOR, which is one type of Balancing Service specified in the TC's ABSVD Methodology, this issue needs to be addressed for other types of Balancing Services. This is because all Balancing Services provided to the TC where no BM Unit(s) are specified will result in imbalance payments that are not taken into account in the Settlement calculation.

In 2014, the TC amended the ABSVD Methodology to remove provisions relating to Balancing Services providers that have not specified BM Units for the purposes of ABSVD. For the P354 solution to work, changes to the ABSVD Methodology for non-BM Unit ABSVD will be needed.

Please note that we have not worked out the benefit to BM plant of this same issue where services are not instructed and they have opted out.

What is STOR?

Short Term Operating Reserve (STOR) is a service for the provision of additional active power from generation and/or demand reduction. For more information, please visit the TC website.

What are the Ancillary services?

The TC uses Ancillary and Commercial Services to balance the Transmission System. Ancillary and Commercial Services cover:

- Reactive Power;
- Frequency Response;
- Black Start; and
- Reserve Services.

ELEXON do not normally consider these services when we calculate the energy imbalance prices as they are 'system balancing' services. However, the TC does send data of the volumes involved to the BSC Systems, so that the Parties that provide these services can have their imbalance volumes suitably adjusted. This is called ABSVD.

[3] As part of P305 'Electricity Balancing Significant Code Review Developments'.

3 Solution

Proposed solution

P354 proposes that for each Balancing Service provided in accordance with the TC's ABSVD Methodology[4], except where the Balancing Services provider has specified a BM Unit, the solution will be as follows:

- The TC will provide a delivered volume for each MSID Pair (one Import Meter and in most cases one Export Meter[5]) for each relevant Settlement Period for which the Balancing Service was provided to the SVAA system.
- SVAA will identify the HHDAs responsible for each MSID in the MSID Pairs for which the TC has provided a MSID Pair Delivered Volume and request them to send disaggregated HH metered data for each relevant MSID.
- HHDAs will send HH metered data for all MSIDs to the SVAA system for each Settlement Period.
- The SVAA system will allocate ABSVD to each MSID in a MSID Pair using the HH metered data[6].
- The SVAA system will apply Line Losses to the MSID-level ABSVD and aggregate it to Grid Supply Point (GSP) Group level for each Supplier Id and send this to the SAA.
- The SAA will apply Transmission Loss Multipliers to the GSP Group level ABSVD and aggregate it to Supplier Account level ABSVD, which will be used to correct the Supplier's Energy Imbalance position.
- Supplier Account level ABSVD will be included in the SAA-I014 Settlement Report (all sub-flows) and will be reported on the BMRS website.

For reference, Attachment C contains the P354 Business Requirements.

Self-Governance

The Workgroup considered whether P354 could be progressed as a Self-Governance Modification. A Modification Proposal can be progressed as Self-Governance if:

- The Panel believes that it satisfies the Self-Governance Criteria, and the Authority does not issue a contrary direction; and/or
- The Authority believes that it satisfies the Self-Governance Criteria and issues a notice to that effect.

The Workgroup unanimously believes that this Modification does not meet the Self-Governance Criteria due to a potential material impact on competition.

[4] The TC will consult on the necessary changes to the ABSVD Methodology to enable the P354 solution in parallel with this consultation.

[5] In some circumstances, the MSID Pair will only contain an Import MSID e.g. for DSR.

[6] For example, if the delivered volume is +6MWh and the HH Metered Volume for the Export Meter is >= 6MWh for the Export Meter, then 6 MWh will be allocated to the Export Meter and 0MWh will be allocated to the Import Meter. If however, the HH Metered Volume for the Export Meter = 4MWh, then only 4MWh will be allocated to the Export Meter and -2MWh will be allocated to the Import Meter. Please see Appendix B of the P354 Business Requirements for more examples.

Assessment Consultation Question
Do you agree that P354 does not meet the Self-Governance Criteria and so should not be progressed as a Self-Governance Modification? *Please provide your rationale with reference to the Self-Governance Criteria.*
The Workgroup invites you to give your views using the response form in Attachment D.

Alternative solution

At this stage, the Workgroup has not identified any alternative solutions which it believes would better facilitate the Applicable BSC Objectives compared with the proposed solution.

Assessment Consultation Question
Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P354 which would better facilitate the Applicable BSC Objectives compared to the Proposed Modification? *Please provide your rationale and if 'No' please provide full details of your Alternative Modification(s) and your rationale as to why it/they would better facilitate the Applicable BSC Objectives than the Proposed Modification.*
The Workgroup invites you to give your views using the response form in Attachment D.

Legal text

The proposed redlined changes to the BSC to deliver P354 can be found in Attachment A.

Assessment Consultation Question
Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P354? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

4 Impacts & Costs

This is the Workgroup's initial view of the impacts directly related to the implementation of Modification P354. We invite participants to detail any impacts that the implementation of the P354 solution would have on their organisation, quantifying where possible the approximate lead time and estimated costs associated with the identified impacts.

Estimated central implementation costs of P354

The implementation costs of P354 are approximately **£300k**. These costs arise from changes to the BMRS, SAA and SVAA as detailed below, and to ELEXON's Trading Operations Market Assurance System (TOMAS) system.

Indicative industry costs of P354

We expect P354 to directly impact **Suppliers**, **HHDAs**, **TC** and **non-BM Balancing Services providers** for the reasons detailed below.

P354 impacts

Impact on BSC Parties and Party Agents	
Party/Party Agent	Potential Impact
Suppliers	Suppliers' Energy Imbalance positions will be corrected using non-BM ABSVD aggregated to Supplier Account level. As a result, Suppliers will no longer receive the spill payments that resulted from their customers providing non-BM Balancing Services.
HHDAs	HHDAs will be required to provide metered data to SVAA for all specified MSIDs.

Impact on Transmission Company
The TC will be required to notify BSC Systems of any MSID that is eligible to be used to provide ABSVD and send MSID Pair Delivered Volumes for each relevant Settlement Period to BSC Systems. *Changes to the ABSVD Methodology will also be required to facilitate this Modification, but this is out of scope for P354.*

Impact on BSCCo
ELEXON will be required to implement this Modification. As part of this, ELEXON will need to update the Beginner's Guide to the Electricity Trading Arrangements on the ELEXON website.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
SVAA	A new automated process will be required as set out in Section 3. New processes will be required to establish (automated) and maintain (manual) details of the Supplier, HHDA and GSP Group for each affected MSID.
SAA	A new automated process will be required as set out in Section 3. The SAA-I014 Settlement Reports will be amended to include Period Account ABSVD.
BMRA	The BMRA will publish Period Account ABSVD for each Supplier.

Impact on Code	
Code Section	Potential Impact
Section J	Changes will be required to implement this Modification.
Section Q	
Section S	
Section S-2	
Section T	
Section V	
Section X-1	
Section X-2	

Impact on Code Subsidiary Documents	
CSD	Impact
BSCP01	Changes may be required to implement this Modification.
BSCP11	
BSCP503	
BSCP507	
BSCP508	
BSCP537 Appendix 1, Self-Assessment Document	
BMRA Service Description	
BMRA User Requirements Specification (URS)	
Central Volume Allocation (CVA) Data Catalogue	
New Electricity Trading Arrangements (NETA) Interface Definition Document (IDD) Part 1	
NETA IDD Part 2	
SAA Service Description	
SAA URS	

Impact on Code Subsidiary Documents	
CSD	Impact
SVA Data Catalogue Volume 1	
SVA Data Catalogue Volume 2	
SVAA Service Description	
SVAA URS	

Impact on Core Industry Documents and other documents	
Document	Impact
MRASCo's Data Transfer Catalogue (DTC)	New DTC dataflows will be required for: • SVAA to send the request to HHDAs for HH metered volumes for specified MSIDs; • HHDAs to return HH metered volumes for specified MSIDs to SVAA (and to each Supplier where the Balancing Services provider has consented); and • HHDAs to reject the request if they are not the correct HHDA for the requested MSID.

Impact on Core Industry Documents and other documents	
Document	Potential Impact
ABSVD Methodology Statement	Changes will be required to include provisions relating to Balancing Services providers that do not specify a BM Unit for the purposes of ABSVD to facilitate the P354 solution.

Other Impacts	
Item impacted	Potential Impact
Non-BM Balancing Services providers	P354 aims to remove the imbalance cash flow resulting from non-BM ABSVD, which is paid to Suppliers but passed on to the non-BM Balancing Services provider, who will be impacted if this flow is removed.

Assessment Consultation Question
Will P354 impact your organisation? *If 'Yes', please provide a description of the impact(s) and any activities which you will need to undertake between the Authority's approval of P354 and the P354 Implementation Date (including any necessary changes to your systems, documents and processes).*
The Workgroup invites you to give your views using the response form in Attachment D.

Assessment Consultation Question
Will your organisation incur any costs in implementing P354? *If 'Yes', please provide details of these costs, how they arise, an indication of magnitude, and whether they are one-off or on-going costs.*
The Workgroup invites you to give your views using the response form in Attachment D.

5 Implementation

Recommended Implementation Date

The Workgroup initially unanimously recommends an Implementation Date for P354 of **1 April 2019** as a Standalone BSC Systems Release.

This Implementation Date is subject to internal consideration being given to the impact on BSC Central Systems and the interaction with P344 'Project TERRE implementation into GB market arrangements' and P355 'Introduction of a BM Lite Balancing Mechanism'. Additionally, we need to be mindful of the time required by the TC to implement the contractual and software changes to deliver the amended ABSVD Methodology.

Assessment Consultation Question
Do you agree with the Workgroup's recommended Implementation Date? *If 'No', please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

Assessment Consultation Question
How long (from the point of Authority approval) would you need to implement P354? *Please provide an explanation of your required lead time.*
The Workgroup invites you to give your views using the response form in Attachment D.

How will P354 impact the Transmission Licence C16 Statements and ABSVD Methodology?

The Workgroup agreed that it would be necessary to amend the ABSVD Methodology Statement to include provisions for the allocation of ABSVD where the TC does not have access to the information needed to allocate the ABSVD to a BM Unit. This is to enable the proposed changes to the BSC under P354.

Revised progression plan

The Workgroup acknowledged the importance of aligning the changes proposed under P354 with the C16 changes and considered four potential options:

1. Aligning the P354 consultation with an informal C16 ABSVD consultation;
2. Aligning the P354 consultation with the formal C16 consultation;
3. Issuing the P354 consultation following Ofgem's decision on C16; or
4. Continuing with the current P354 timetable.

The Workgroup agreed by majority that the P354 Assessment Procedure Consultation should be issued at the same time as the TC's C16 ABSVD informal consultation (option 1). This option will help the TC to obtain industry's views on the ABSVD Methodology changes before including them in the formal C16 consultation, which will be issued in early 2018. Additionally, the Workgroup highlighted that this approach will allow the industry and BSC Panel to have a view on what the TC proposes to implement and should not cause any significant delay to the progression of P354. The majority of the Workgroup also agreed that the P354 Final Modification Report and the C16 changes should therefore be sent to the Authority at the same time.

Development of the proposed solution

The original solution, as set out in the P354 Modification Proposal sought to allow the TC to provide ABSVD at the MPAN level (the proposal used "MPAN", which is a Master Registration Agreement (MRA) term; "MSID" is the equivalent BSC term) to the SAA, which would allocate this to the appropriate Supplier BM Unit. However the Workgroup has developed this solution so that the TC will now provide a Delivered Volume for each MSID Pair to the SVAA system. This is then aggregated to Supplier Account level ABSVD rather than to the Supplier BM Unit.

The Workgroup also considered solutions in which the TC would provide Delivered Volumes for a 'delivery site' (i.e. a physical location that delivers part or all of a Balancing Services instruction from the TC), and BSC Systems would then split this volume between the MSID Pairs associated with the delivery site. At the C16/ABSVD Workgroup on 26 September 2017, the Workgroup developed a solution that would involve the TC providing Delivered Volumes for each MSID Pair. This significantly simplifies the P354 solution.

Suppliers would not be allowed to opt out of having Supplier Account level ABSVD applied to their Energy Account. This solution would prevent non-BM Balancing Services providers receiving a second income stream (imbalance revenue).

Which sites should be included within the scope of the solution?[1]

The Workgroup recognised that some of the 'sites' providing Balancing Services to the TC are more complex than others, and that it may be more difficult to determine delivered volumes for the more complex sites. A Balancing Services provider site (or "group") is the entity that can be used to deliver a Balancing Services contract. It may contain one or more delivery sites and may be geographically diverse.

A delivery site is a physical location that delivers part or all of a Balancing Services instruction from the TC. It may correspond to a generator, a bank of generators, or one or more elements of load, provided that these are capable of being controlled together. A delivery site may have one or more Boundary Points. At each Boundary Point there will be one MSID Pair (comprised of one Import Meter and in most cases one Export Meter).

The TC highlighted that each delivery site will have one or more SVA MSIDs. A site with generation will always require at least two MSIDs (one for Import, one for Export), but there may be more. For example, if the delivery site has multiple network connections, or multiple tenants with independent access to the supply market. Within a delivery site there will be a number of MSIDs available. However these will not be available at all times.

The Workgroup acknowledged that the TC has difficulties with mapping delivered volumes to MSIDs where the relationship between Aggregator sites, Aggregator delivery sites and MSIDs are complex. For this reason, the Proposer originally suggested that the scope of the solution would be restricted to:

- Aggregator sites where the TC has access to operational metering data for each delivery site (i.e. excluding those where the TC only has aggregated metered data, because they despatch at the site level, and an aggregator instructs the individual delivery sites); and
- Delivery sites where the TC can provide an 'Allocation Rule' specifying how to allocate delivery site volumes to MSIDs.

Some Workgroup members were concerned that limiting the scope of the P354 solution to less complex sites in this way would not resolve the defect; it would just move the point at which the distortion occurred. One member highlighted that non-BM participants will be treated similarly to BM participants as their volume will be removed from their Energy Account but at the same time, they will not be able to access the BM.

Some members noted that the solution should apply to all non-BM participants, not only to the ones that do not have complex sites. The TC added that it is important to avoid introducing additional distortions among non-BM provider types within the same product as this can have a material impact on competition.

The Workgroup agreed that this question of which sites the TC should provide ABSVD for should be progressed by the C16 Workgroup. Following discussion at this Workgroup, the TC now proposes that all relevant sites (complex and non-complex) should fall within scope. For more detail on this please refer to the informal C16 consultation.

What is a Boundary Point?

A Boundary point is a point at which a Plant or Apparatus not forming part of the Total System is connected to the Total System.

Should the Proposal apply to Import as well as Export?

The Proposer was also keen that, as a minimum, the solution should allow ABSVD to be allocated to a single Export MSID (capped by the amount of Export recorded on the Meter). However, the Workgroup disagreed as they believed that this did not include all the delivered volumes in Settlement. They were therefore of the view that this would not

fully address the defect. The Workgroup subsequently agreed that it was not appropriate for ABSVD to be allocated to a single Export MSID. As detailed in Section 3, MSID Pair Delivered Volumes will be allocated to one or both MSIDs in the MSID Pair according to the rules set out in Attachment C.

Allocation Rules[7]

The Workgroup discussed the process for allocating a total Delivered Volume to individual MSIDs, and agreed that it can be considered a multi-stage process:

1. The total volume delivered by a group of sites may need to be allocated between individual delivery sites (if there is more than one);
2. The volume at each delivery site may need to be allocated between individual Boundary Points (if the delivery site has more than one);
3. The volume at each Boundary Point may need to be allocated between the Import and Export MSID (if the Boundary Point has both).

Step 1 of the process will be carried out by Balancing Services providers, outside the scope of P354. The Workgroup considered whether step 2 should be carried out within the scope of P354, using an 'Allocation Rule'. However, at the C16/ABSVD Workgroup on 26 September 2017, the C16 Workgroup concluded that step 2 should also be performed by Balancing Services providers (outside the scope of P354). This date will then be sent to the TC who will provide Delivered Volumes that have already been disaggregated to the Boundary Point level (using data provided by the Balancing Services provider). Please see the informal C16 consultation for more details.

The only part of the process remaining within the scope of P354 is therefore step 3 i.e. splitting the volume delivered at a Boundary Point between the Import MSID and Export MSID. This step will be carried out by the SVAA, using Settlement metered data to establish whether the volume delivered would have changed the Import recorded on the Import Metering System, the Export recorded on the Export Metering System, or both. For further details see requirement BR6 and Appendix B in the attached Business Requirements (Attachment C).

Therefore, the TC no longer needs to send Allocation Rules as non-BM Balancing Services providers will notify which MSID Pairs the delivered volumes should be allocated to. For the avoidance of doubt, BSC Systems will not need to have knowledge of the Allocation Rules in order to convert MSID Pair Delivered Volumes into MSID level ABSVD (please see Attachment B for further examples). However, the Workgroup queried whether there are any scenarios where this would not work.

Assessment Consultation Question
Do you agree with the proposed approach (described in Attachment B) to allocating delivered volumes at a Boundary Point between the associated Import and Export MSID (the 'MSID Pair')? Are there any scenarios where allocating MSID Pair Delivered Volumes to Import MSIDs and Export MSIDs would not work? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

[7] Prior to the TC's C16 ABSVD Workgroup meetings in September 2017, the P354 Workgroup had assumed that the TC would send delivered volumes per delivery site and Allocation Rules to the SVAA. The TC will now send delivered volumes per MSID Pair to the SVAA.

How should the non-BM Unit ABSVD be reported?

The Workgroup discussed whether the related non-BM Unit ABSVD information should be reported. The Workgroup agreed that ABSVD aggregated to Supplier level could be reported as it would not cause any commercial issues for aggregators (as the data would be suitably anonymised). However, some members of the Workgroup expressed concern about Suppliers receiving ABSVD at the MSID level, as it could allow a Supplier to identify which of its Metering Systems were being used to provide Balancing Services. The current BM Unit-level ABSVD is published on the BMRS and reported in the SAA Settlement Reports. The Workgroup considered whether non-BM data supplied at the MSID level should be reported in the same way that BMU-level ABSVD is currently reported. The Workgroup agreed that the total level of 'non-BM' ABSVD allocated to each Supplier should be made public and reported to:

- the relevant BSC Parties (in the SAA-I014 sub-flow 1 Settlement Report);
- the TC and other parties who licence the data (in the SAA-I014 sub-flow 2 Settlement Report); and
- BSCCo (in the SAA-I014 sub-flow 3 Settlement Report).

ELEXON noted that the proposal to publish aggregated data is consistent with current BSC reporting practices. Details of BSC Parties' imbalance calculations (aggregated to the level of BSC Party and/or BM Unit) are currently published in the Settlement Reports, and BM Unit level ABSVD is currently reported publicly on BMRS.

Should Suppliers be provided with MSID ABSVD volumes?

As detailed in the proposed solution, the Workgroup noted that Suppliers would receive Supplier Account ABSVD from BSC Systems. However, they discussed whether Suppliers should also be provided with MSID ABSVD volumes determined by BSC Systems. Some Workgroup members were concerned that that if appropriate information was not passed on to Suppliers then they would make commercial decisions to protect themselves from this unseen risk.

There was also a concern that not providing Suppliers with MSID ABSVD volumes that they may require for customer billing would be inefficient, in that Suppliers would have to put in place other (less efficient) processes for receiving this data, such as requiring customers to provide it to them through their contractual terms. Other Workgroup members were strongly opposed to Suppliers being provided with this level of data as they highlighted that this information is commercially confidential, and therefore they had concerns regarding competition. This is because it would give those Suppliers privileged knowledge of who provides non-BM Balancing Services, which would not be available to other Suppliers. These Workgroup members believed that any required provision of this data to Suppliers should be agreed between Suppliers and their customers, rather than being imposed upon customers by the provisions of the BSC (to which they are not party).

The Workgroup therefore noted that there were three possible options for reporting the data:

i) MSID ABSVD should not be reported to affected Suppliers;

ii) MSID ABSVD should be reported to all Suppliers; or

iii) MSID ABSVD should only be reported to affected Suppliers where the TC has indicated that the non-BM Balancing Services provider has (on behalf of the customer) given consent.

The Proposer indicated that their current thinking was for the Proposed Modification to reflect option (i) i.e. that MSID ABSVD should not be reported to Suppliers, in order to avoid any competition issues that might arise from giving Suppliers access to this level of data. However, the Proposer also acknowledged that it might be more efficient to allow reporting (and hence avoid any need for Suppliers and customers to agree their own mechanisms, outside the BSC, for sharing this data). They therefore suggested including three consultation questions in order to help assess any potential impact.

Please note that we have included some legal drafting to identify what the proposed changes may look like if MSID level data is reported to Suppliers (BSC Section Q6.4.7 and BSC Section V, Table 7 'SVAA Reporting'). However, this is included for information purposes and does not form part of the current P354 proposed solution. The Proposer and Workgroup will consider these issues further in the light of consultation responses received.

Assessment Consultation Question
Do you think that Suppliers should be provided with MSID ABSVD volumes? If so, should it be Half Hourly or aggregated up (to week, month etc.)? *Please provide your rationale including any impacts if they were to receive this level of data.*
The Workgroup invites you to give your views using the response form in Attachment D.

Assessment Consultation Question
Do you agree with the Workgroup that the provision of MSID ABSVD volumes to Suppliers should be subject to customer (i.e. non-BM Balancing Services provider) consent? If so, do you agree with the Workgroup that the customer should be required to 'opt-in' (where data is not provided to Suppliers unless the customer has indicated to the TC that it is allowed)? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

Assessment Consultation Question
Do you believe there are competition issues associated with reporting options in this consultation document? For example, would Suppliers alter their terms of supply if this proposal is implemented? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

When should the Transmission Company provide non-BM ABSVD to BSC Systems?

The Workgroup discussed how to determine the timescales for the provision of non-BM ABSVD to the BSC Central Systems and how the BSC Central Systems should allocate the volume to the Supplier account.

The TC confirmed that it will submit data to BSC Systems by the 45th calendar day after the date on which the Balancing Service was provided in order to allow adjustments to be made by R1. This is because the TC may is unlikely to have the data to send through to BSC Systems for the Initial Settlement Run (SF), due to existing commercial arrangements with non-BM Balancing Services providers. At the C16/ABSVD Workgroup on 13 October 2017, the Workgroup agreed to add a consultation question to determine whether this would be an issue for Suppliers.

Assessment Consultation Question
Will it be an issue for Suppliers if their position is not corrected until R1? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

The Workgroup considered that under the scope of this Modification, it will be necessary to define how the correction to Suppliers' Energy Imbalance due to MSID level-ABSVD is communicated to Suppliers and the timings for this. The Proposer noted that currently, BM Unit level ABSVD is published no later than the second Business Day after the ABSVD has been delivered as set out in BSC Section Q6.4.1. Once published on BMRS, Suppliers will then receive their Settlement Report.

The Workgroup noted that different types of delivery site would provide data at different timescales. The Workgroup also agreed that the TC should send MSID-level ABSVD to BSC Systems "when available" so that Supplier's imbalance positions could be corrected as early as possible.

Should Suppliers be allowed to opt out of having MSID-level ABSVD applied to them?

In accordance with BSC Section Q6.4.5, the lead Party for a BM Unit can opt out of having BM Unit-level ABSVD applied to their Energy Account by instructing the TC not to send it. P354 proposes that this right should not be extended to MSID-level ABSVD.

The Workgroup considered whether Suppliers should be able to opt out of having MSID-level ABSVD applied to their Energy Account. The Workgroup initially unanimously agreed that Suppliers should not be allowed to opt out. They agreed that this Modification will only work if MSID-level ABSVD applies to all relevant Suppliers.

However, the Workgroup also discussed whether Suppliers should lose their right to opt out of ABSVD in relation to all Balancing Services (regardless of which mechanism the TC was using to notify the ABSVD). The Proposer suggested that Suppliers should not be allowed to opt out of ABSVD submitted for delivery sites (using the new P354 mechanism), but retain an opt-out for any ABSVD submitted by the TC under the current BM Unit level mechanism.

Some members of the Workgroup were concerned that Balancing Services providers using the BM route would have an advantage over those using non-BM Balancing Services providers under the P354 proposal. Under P354, a Supplier's ability to opt-out of receiving BM Unit ABSVD, as detailed in BSC Section Q6.4.5, is unchanged. Members of the Workgroup believed that this will distort competition between BM and non-BM Balancing Services providers unless the BM optionality is removed at the same time.

Assessment Consultation Question
Should the opt-out provisions under BSC Section Q.6.4.5 for BM Unit ABSVD be retained? Would this distort competition between BM and non-BM Balancing Services providers? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

What are the implications for customers of adjustments being made to their Supplier's imbalance positions?

The Workgroup considered the implications to customers of adjustments being made to their Supplier's imbalance positions. One Workgroup member commented that currently, Suppliers may share their spill payments with customers. However, if this spill payment is lost, Suppliers and their customers may need to renegotiate their contracts. Another Workgroup member commented that customers might be reluctant to sign up to a contract with Suppliers if there are additional costs. Another Workgroup member noted that this should not be an issue because in their view, P354 was proposing a more efficient cost. This is because at the moment, non-BM participants are receiving a double payment and the proposed solution will eliminate this inefficiency.

How should the BSC Systems allocate non-BM Unit ABSVD volumes?

The Workgroup also considered if the BSC Systems should allocate non-BM ABSVD at Supplier or at BM Unit level. ELEXON proposed that it should be allocated at Supplier Account level because BSC Systems will not know which of a Supplier's BM Units to allocate the ABSVD to and the Supplier would be unaware of the provision of Balancing Services that its MSID(s) were being used for and, as it was not necessary for volumes to be allocated to BM Units to adjust a Supplier's Energy position, it would also be a less complex solution. The Workgroup therefore agreed that Supplier Account level ABSVD would be suitable to be used to correct Suppliers' Energy Imbalance positions.

Demand Side Response

The Workgroup considered whether Demand Side Response (DSR) should be included in the scope of P354. However, the Workgroup again agreed that this is outside the scope of the BSC and should instead be included as part of the C16 Workgroup discussions.

Trading Disputes

Settlement Errors occur when the rules of Settlement have not been followed and this failure affects Trading Charges. Under the BSC, Suppliers have an obligation to ensure that Settlement is accurate. In an event when an inaccuracy is caused by directly breaching the BSC, a Trading Dispute is one of the methods in ensuring rectification. A valid Trading Dispute must meet the following three criteria:

- Dispute raised within the applicable Dispute Deadline;
- Settlement Error has occurred; and
- Materiality meets the £3,000 threshold.

What is the Disputes process?

The Trading Disputes process is used to facilitate the correction of errors in Settlement that have affected Trading Charges. The sole purpose of the process is to correct errors in Settlement and is not designed to assign culpability on any Parties involved. All Trading Disputes are assessed against three criteria, which must be met for the Trading Dispute to be upheld. All Trading Disputes are confidential. Further information can be found in the Trading Disputes guidance note on the ELEXON website.

Members of the Workgroup asked how the Trading Disputes process would address potential Settlement Errors relating to non-BM Unit ABSVD and asked ELEXON to develop redlined changes to BSCP11 'Trading Disputes' for inclusion in the P354 Assessment Consultation. These proposed changes can be found in Attachment B.

Following the implementation of P354 (if approved), if a BSC Party is allowed to receive HH metered MSID data and so can assess the materiality of the potential Settlement Error, they would be able to raise a Trading Dispute under the existing BSCP11 process. However, it is possible that BSC Parties would not receive all HH metered MSID data, and so would not be able to fully assess the materiality of the potential Settlement Error. Under the current wording in BSCP11, they would not be able to raise a Trading Dispute. Therefore the proposed changes to BSCP11 allow BSC Parties to submit partially completed Trading Disputes relating to ABSVD. ELEXON will then investigate the claim further to assess whether there is a Settlement Error and, if there is, assess the materiality and (where applicable) complete the Trading Disputes form and submit it on behalf of the BSC Party.

Assessment Consultation Question
Do you agree with the Workgroup that the draft redlined changes to BSCP11 in Attachment B deliver the intention of P354? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D

Members of the Workgroup queried whether non-BSC Parties can raise Trading Disputes. ELEXON noted that they are unable to raise Trading Disputes themselves. However, if they believed there was an error, then they should contact ELEXON directly either via email or through the BSC Service Desk. ELEXON then has an obligation to investigate and assess the error against the above criteria. If ELEXON deems the Trading Dispute to be valid, then it will be referred to the Trading Disputes Committee (TDC).

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

Ancillary Services Review

The Workgroup discussed the interaction between P354 and the TC's review of the Ancillary Services. Further information can be found in the C16 consultation document. A Workgroup member noted that this review should not make any difference to the scope of P354 as these changes would affect any non-BM services.

Other BSC Modifications

The Workgroup noted that there is a potential relationship with both BSC Modifications P344 and P355. Both these Modifications are placing reliance on a Secondary BM Unit, a unit established and registered (or to be established and registered) by a Virtual Lead Party in accordance with BSC Section K 'Classification and Registration of Metering Systems and BM Units' 8. The concept of a Secondary BM Unit is that it does not include all the Metered Volumes for the sites it contains, only the volumes that are delivering Balancing Services (e.g. Trans European Replacement Reserves Exchange (TERRE)

Acceptances or Bid Offer Acceptances (BOAs)) to the TC. All other Metered Volumes for those sites remain in the Primary BM Unit.

ELEXON also noted that P344 is also considering the participation of aggregators in delivering Replacement Reserves (RR) but providing a different service. The Workgroup questioned whether there would be a double allocation of volume if P354 was approved. ELEXON noted that, if P354 is approved, there will not be a double allocation because TERRE volumes will be allocated to Secondary BM Units which will not be available for the provision of non-BM Balancing Services under the ABSVD methodology.

The TC was concerned that P354 may not be consistent with the live Modifications (P344 and P355) and suggested avoiding making changes that can become obsolete in the future. Other members noted that these three live Modifications are still being assessed and as such, we should consider the P354 proposed solution against the current baseline. As the defect is recognised, some members believed that we should move forward with the proposed solution. One Workgroup member noted that P354 is designed to address a defect and it should not be used as a vehicle for larger changes.

Modification impacts on non-BSC Parties

The Workgroup highlighted that P344, P354 and P355 all have consequential impacts on non-BSC Parties. One Workgroup member was concerned that these Modifications will introduce rules into the BSC that will impact non-BSC Parties. However they noted that non-BSC Parties are unable to raise Modifications themselves and queried whether this is an issue. ELEXON acknowledged the impacts that changes to the BSC will have on non-BSC Parties. However, under BSC Section F2.1.1(c), there is a route available for non-BSC Parties to apply to the Authority for a designation to raise Modifications. This therefore gives non-BSC Parties the opportunity to use the Modification process if potential changes are going to materially impact them.

Electricity Balancing Guidelines

The TC highlighted that the EB GL are expected to become law in late 2017. The EB GL will require each Balancing Service to have a consequential imbalance adjustment, which opened up the question as to when and how to progress the balancing adjustments. The Workgroup agreed that EB GL compliance should not be included in the scope of the P354 solution.

What effect may P354 have on Firm Frequency Response?

The Workgroup agreed that P354 does not have any effects on Firm Frequency Response (FFR). Firm Frequency Response is a Balancing Service which is not currently included in the TC's ABSVD Methodology. For the avoidance of doubt, P354 does not seek to amend this. The Workgroup therefore agreed that this was outside the scope of P354 and should instead be considered under the C16 consultation.

What is the impact of P354 on consumers?

A Workgroup member noted that there is a risk that the expected volume will not be delivered and if the Party is short, then it may incur a position of imbalance leading to a

reduction in income. The Proposer disagreed noting that this was not in relation to trading but to positive generation, which results in the Party being long and getting paid for it. A Workgroup member asked if the risk of not delivering is being managed through the Supplier portfolio. A Workgroup member noted that Suppliers do not have a way of predicting Balancing Services instructions, as these are reactive based on network requirements.

One Workgroup member asked if non-BM Balancing Services providers have market arrangements with Suppliers for adjusting volume for ABSVD. The Proposer noted that this is out of the scope of the Modification. Suppliers will need to consider what arrangements they put in place with their customers to address the situation in which energy is moved from the Supplier to the TC (through the ABSVD mechanism) as a result of actions taken by the customer.

7 Workgroup's Initial Conclusions

Workgroup's initial recommendation

At this stage, the majority of the Workgroup believes that P354 **would** overall better facilitate the Applicable BSC Objectives and so should be **approved**. However, some members of the Workgroup agreed that without the relevant changes to the ABSVD methodology statement, P354 would have no impact. Members' views against each of the Applicable BSC Objectives are summarised below.

Applicable BSC Objective (a)

The Proposer and the majority of Workgroup members agree that P354 would better facilitate Applicable BSC Objective (a) as the Transmission Licence C16 Statements require the TC to procure and use Balancing Services without discriminating between classes of users. They believe that the current procurement of non-BM services does not fully take account of all the costs of the use of these non-BM services. This creates discrimination between BM and non-BM classes to the detriment of BM providers.

One Workgroup member believes that P354 would be detrimental against Applicable BSC Objective (a) because of the discrimination between BM and non-BM users in BSC Section Q.

The remaining members believe P354 is neutral against Objective (a), as they would like to see further detail in the ABSVD methodology before providing their views.

Applicable BSC Objective (b)

The Proposer and the majority of Workgroup members contend that the TC does not consider the cost of the spill payment when contracting with non-BM services. When the full customer cost is considered (i.e. including the spill payment in non-BM energy cost) the TC is potentially allocating contracts and despatch volume in an inefficient manner.

This Modification will remove the spill revenue from non-BM Balancing Services providers by allowing all providers to compete for the provision of these services on an equal basis. This will provide a better deal for the end consumer, resulting in an overall more economic system.

The remaining members believe P354 is neutral against Objective (b), as they would like to see further detail in the ABSVD methodology before providing their views.

Applicable BSC Objective (c)

The Proposer and the majority of Workgroup members believe that when the full customer cost is considered (as detailed above), this damages competition between BM and non-BM Balancing Services providers as it results in additional customer costs.

This Modification will remove the spill revenue from non-BM Balancing Services providers by allowing all providers to compete for the provision of these services on an equal basis. This will facilitate competition between different types of provider.

The minority of Workgroup members believes that P354 would be detrimental against Applicable BSC Objective (c). Members were concerned that there is the potential for

What are the Applicable BSC Objectives?

(a) The efficient discharge by the TC of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

Suppliers to block participation as many non-BM Balancing Services providers do not have knowledge of the BM processes and potential for Suppliers to opt-out. Additionally they do not believe that the ABSVD methodology is fair. These Workgroup members are therefore of the view that these two factors cause a detriment to competition.

The remaining members believe P354 is neutral against Objective (c), as they would like to see further detail in the ABSVD methodology before providing their views.

Applicable BSC Objective (d)

The Proposer and the majority of Workgroup members note that the Settlement process was carefully designed so as to isolate the accurate delivery of Balancing Services from any changes to a parties' energy imbalance. They believe that this process has been side-stepped by the growth of non-BM Balancing Services without the application of ABSVD. Putting it back into ABSVD will correct this inefficiency.

Additionally, this Modification allows the efficient implementation of the EB GL, ensuring that imbalance adjustment happens to the correct parties.

The remaining members believe P354 is neutral against Objective (d), as they would like to see further detail in the ABSVD methodology before providing their views.

Applicable BSC Objective (e)

The Proposer and the majority of Workgroup members highlight that the EB GL requires imbalance adjustment to be performed for all by the end of 2020 at the latest. This Modification therefore facilities the implementation of this requirement.

The remaining members believe P354 is neutral against Objective (e), as they would like to see further detail in the ABSVD methodology before providing their views.

The TC also provided the view that they agree that P354 would better facilitate Applicable BSC Objective (e) as it is compliant with EB GL.

Applicable BSC Objective (f)

At this stage, the Proposer and all Workgroup members believe that P354 is neutral against Applicable BSC Objective (f).

Applicable BSC Objective (g)

At this stage, the Proposer and all Workgroup members believe that P354 is neutral against Applicable BSC Objective (g).

Summary of Workgroup's views against the Applicable BSC Objectives

Does P354 better facilitate the Applicable BSC Objectives?		
Obj	Proposer's Views	Other Workgroup Members' Views[8]
(a)	• **Yes** – P354 removes discrimination between BM and non-BM classes.	• **Yes (majority)** – agree with Proposer. • **No (minority) -** discrimination between BM and non-BM users in BSC Section Q. • **Neutral** – would like to see further detail in the ABSVD methodology before providing their views.
(b)	• **Yes** - will remove the spill revenue from non-BM Balancing Services providers by allowing all providers to compete for the provision of these services on an equal basis. This will provide a better deal for the end consumer, resulting in an overall more economic system.	• **Yes (majority)** – agree with Proposer. • **Neutral (minority)**: - would like to see further detail in the ABSVD methodology before providing their views. - no impact.
(c)	• **Yes** – P354 will facilitate competition between different types of provider.	• **Yes (majority)** – agree with Proposer. • **No (minority)** – concerned that there is the potential for Suppliers to block participation and they do not believe that the ABSVD methodology is fair. • **Neutral** - would like to see further detail in the ABSVD methodology before providing their views
(d)	• **Yes** – P354 allows the efficient implementation of the EB GL, ensuring that imbalance adjustment happens to the correct parties.	• **Yes (majority)** – agree with Proposer. • **Neutral (minority)**: - would like to see further detail in the ABSVD methodology before providing their views. - no impact.
(e)	• **Yes** – P354 will facilitate the implementation of the EB GL requirement for the imbalance adjustment to be performed for all by the end of 2020 at the latest.	• **Yes (majority)** – agree with Proposer. • **Neutral (minority)**: - would like to see further detail in the ABSVD methodology before providing their views. - no impact.
(f)	• **Neutral** – no impact.	• **Neutral (majority)** – no impact

[8] Shows the different views expressed by the other Workgroup members – not all members necessarily agree with all of these views.

Does P354 better facilitate the Applicable BSC Objectives?		
Obj	Proposer's Views	Other Workgroup Members' Views[8]
		• **Neutral (minority)**: - would like to see further detail in the ABSVD methodology before providing their views. - no impact.
(g)	• **Neutral** – no impact.	• **Neutral (majority)** – no impact • **Neutral (minority)**: - would like to see further detail in the ABSVD methodology before providing their views. - no impact.

Assessment Consultation Question
Do you agree with the Workgroup's initial majority view that P354 does better facilitate the Applicable BSC Objectives than the current baseline, and so should be approved? *Please provide your rationale.*
The Workgroup invites you to give your views using the response form in Attachment D.

Appendix 1: Workgroup Details

Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P354 Terms of Reference
How P354 will impact the Transmission Licence C16 Statements and ABSVD Methodology?
When should the TC provide non-BM ABSVD to SAA and how should the SAA allocate the ABSVD volume to the appropriate Supplier BM Unit?
Should Suppliers be allowed to opt out of receiving MPAN-level ABSVD?
If Suppliers will be allowed to refuse, how should they act?
How should the MPAN-level ABSVD be reported?
Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?
What are the implications for customers of adjustments being made to their Supplier's imbalance positions?
What changes are needed to BSC documents, systems and processes to support P354 and what are the related costs and lead times?
Are there any Alternative Modifications?
Should P354 be progressed as a Self-Governance Modification?
Does P354 better facilitate the Applicable BSC Objectives than the current baseline?
What is the impact of P354 on consumers?

Assessment Procedure timetable

P354 Assessment Timetable	
Event	Date
Panel submits P354 to Assessment Procedure	9 Feb 2017
Workgroup Meeting 1	22 Feb 17
Workgroup Meeting 2	26 Apr 17
Workgroup Meeting 3	23 Jun 17
Workgroup Meeting 4	20 Jul 17
Workgroup Meeting 5	18 Oct 17
Workgroup Meeting 6	10 Nov 17
Assessment Procedure Consultation	16 Nov 17 – 15 Dec 17
Workgroup Meeting 7	W/B 8 Jan 18
Panel considers Workgroup's Assessment Report	8 Feb 18

Workgroup membership and attendance

P354 Workgroup Attendance							
Name	Organisation	22/02/17	26/04/17	23/06/17	20/07/17	18/10/17	10/11/17
Members							
Lawrence Jones	ELEXON *(Chair)*	✓	✓	✓	✓	✓	✓
Giulia Barranu	ELEXON *(Lead Analyst)*	✓	✓	✓	✓	✗	✗
Claire Kerr	ELEXON *(Lead Analyst)*	✗	✗	✗	✓	✓	✓
Simon Lord	ENGIE *(Proposer)*	✓	✓	✗	✗	☎	✓
Alastair Martin	Flexitricity	☎	✓	☎	✗	☎	☎
Andrew Colley	SSE	✓	✓	✓	☎	☎	✗
Bill Reed	RWE Supply & Trading GmbH	✓	✓	✓	☎	✓	☎
Christopher Fox	National Grid	✗	✓	✓	✗	✗	✗
Craig Thurling	E.ON	✓	✗	✓	✗	✗	✗
Ed Knox	Energy Supply & Demand Specialist	✗	✗	✓	✗	✗	✗
Esther Sutton	Uniper	✗	✓	✓	✗	☎	☎
Graz Macdonald	Green Frog Power	☎	✓	✗	✗	✗	✗
James Anderson	Scottish Power	✓	✓	☎	✗	✗	☎
Jonathan Graham	The Association for Decentralised Energy	☎	✗	✗	✗	✗	✗
Ian Tanner	UK Power reserve	✓	✓	✗	☎	☎	✗
Lisa Waters	Waters Wye Associates	✓	✓	✓	✗	✗	☎
Marcello Cecchini	Utiligroup	✓	✗	✓	✗	✗	✗
Matthew Tucker	Welsh Power	✓	✗	✓	✗	✗	✗
Nick Sillito	Peak Gen Power Ltd	✗	✓	✓	☎	☎	☎
Paul Barnett	manxutilities	✓	✓	✓	☎	☎	✓
Philip Pearson	Energy Pool	✗	✗	✗	✗	✗	✗
Richard Hardy	KiWi Power	✓	✓	✗	✗	✗	✗
Attendees							
Colin Berry	ELEXON *(Design Authority)*	✓	✓	✓	✗	✓	✓
John Lucas	ELEXON *(Design Authority)*	✓	✓	✓	✓	✗	✓
Tina Wirth	ELEXON *(Lead Lawyer)*	✓	✓	☎	✓	✓	✓
Marcelo Torres	Ofgem	✓	✓	✓	✗	✗	✓
Andrew Russell	ENGIE *(Proposer Alternate)*	✓	✓	✓	☎	✗	✗
David Collins	CGI	☎	✗	☎	☎	✗	✗
Greg Heavens	National Grid (Alternate)	✓	✗	✓	✗	✗	✗
Jeremy Morris	Smartestenergy	✓	✓	✗	✗	✗	✗

P354 Workgroup Attendance							
Name	Organisation	22/02/17	26/04/17	23/06/17	20/07/17	18/10/17	10/11/17
Kate Garth	Npower	☎	☎	☎	☎	✘	✘
Lee Priestley	National Grid	✓	✘	✘	✘	✘	✘
Zahir Faraz	National Grid	✘	✓	✘	✘	✘	✘
Richard Hardy	KiWi Power	✓	✓	✘	✘	✘	✘
Ryan Goddard	Welsh Power	✘	✓	✘	☎	✘	✘
Tariq Hakeem	National Grid	✓	✓	✘	✘	✘	✘
Raj Saikia	National Grid	✘	✘	✓	✘	✘	✘
Rick Parfett	The Association for Decentralised Energy	✘	✘	✓	☎	☎	✘
Michael Jenner	UK Power Reserve	✘	✘	☎	✘	✘	✘
Adelle Wainwright	National Grid	✘	✘	✓	☎	☎	☎
Saskia Barker	Flexitricity	✘	✘	✘	☎	✘	☎
Giulia Barranu	Gazprom	✘	✘	✘	✘	✓	✓

Appendix 2: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
ABSVD	Applicable Balancing Services Volume Data
BOA	Bid Offer Acceptance
BM	Balancing Mechanism
BMRA	Balancing Mechanism Reporting Agent
BMRS	Balancing Mechanism Reporting Service
BSC	Balancing and Settlement Code
CM	Capacity Market
CSD	Code Subsidiary Document
CVA	Central Volume Allocation
DA	Data Aggregator
DSR	Demand Side Response
ECOES	Electricity Central Online Enquiry Service
GSP	Grid Supply Point
HH	Half Hourly
IDD	Interface Definition Document
MPAN	Metering Point Administration Number
MRA	Master Registration Agreement
MSID	Metering System Identifier
MWh	megawatt-hour
NETA	New Electricity Trading Arrangements
RCRC	Residual Cashflow Reallocation Charge
R1	First Reconciliation Run
RR	Replacement Reserves
SAA	Settlement Administration Agent
SF	Initial Settlement Run
SRD	Standing Reserve Despatch
SO	System Operator
STOR	Short Term Operating Reserve
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent
TC	Transmission Company

Acronyms	
Acronym	Definition
TDC	Trading Disputes Committee *(Panel Committee)*
TERRE	Trans European Replacement Reserves Exchange
TOMAS	Trading Operations Market Assurance System
URS	User Requirements Specification

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
SAA-I014	Settlement Reports

External links

A summary of all hyperlinks used in this document are listed in the table below. All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	Balancing Services page on the National Grid website	http://www2.nationalgrid.com/uk/services/balancing-services/
3	P354 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p354/
3	C16 ABSVD informal consultation on the National Grid website	https://www.nationalgrid.com/uk/electricity/market-and-operational-data/transmission-licence-c16-statements-and-consultations
6	BSC Sections page on the ELEXON website	https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/
6	Transmission License C16 Statements page on the National Grid website	http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/transmission-license-c16-statements/
7	Short Term Operating Reserve page on the National Grid website	http://www2.nationalgrid.com/uk/services/balancing-services/reserve-services/short-term-operating-reserve/
7	P305 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p305/
10	Beginners Guide to the Electricity Trading Arrangements on the ELEXON website	https://www.elexon.co.uk/operations-settlement/trading-settlement/

External Links		
Page(s)	Description	URL
14	P344 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p344/
14	P355 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p355/
15	MRA page on the MRASCo website	https://www.mrasco.com/mra-products/master-registration-agreement
21	Trading Disputes guidance note on the ELEXON website	https://www.elexon.co.uk/operations-settlement/trading-settlement/claims-disputes/
22	BSCPs page on the ELEXON website	https://www.elexon.co.uk/bsc-and-codes/bsc-related-documents/bscps/