

## 4.7 Issue Form

<b>Issue Form - BSCP40/04</b>	<b>Issue Number 65</b> <i>(mandatory by BSCCo)</i>
<b>Issue Title</b> <i>(Mandatory by originator)</i> Causes and treatment of large Line Loss Factors	
<b>Issue Description</b> <i>(Mandatory by originator)</i> Line Loss Factors (LLFs) are values which are calculated and applied to Metered Volumes, scaling the Metered Volumes to account for distribution losses. An LLF greater than 1 is typical of importing sites as more energy must be dispatched than required to account for the losses that will occur along the way. Exporting sites are normally assigned an LLF value smaller than 1.  <a href="#">BSC Procedure (BSCP) 128 'Production, Submission, Audit and Approval of Line Loss Factors'</a> details a set of principles by which Licensed Distribution System Operators (LDSOs) must calculate their LLFs. It requires ELEXON to annually review LDSOs' calculation methodologies for compliance with these principles, and then to audit the resulting LLFs against the methodologies. The Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG) approve those methodologies and LLFs that pass the audit for Central Volume Allocation (CVA) and Supplier Volume Allocation (SVA) respectively, ahead of the implementation of new annual LLF values in Settlement on 1 April.  SVA LLFs are submitted into Settlement through the <a href="#">D0265</a> data flow ('Line Loss Factor Data File'). The Data Transfer Catalogue (DTC) permits a maximum value for the D0265's LLF data item ( <a href="#">J0156</a> ) of 99.999.  The SVG recently discussed two large SVA LLF values calculated for the forthcoming 2017/18 BSC Year (see <a href="#">SVG191 Headline Report</a> ). The SVG noted that the values were calculated correctly in accordance with BSCP128 and that there was therefore no audit non-compliance. The SVG also noted that the values were below the DTC's permitted maximum. However, SVG Members expressed concern over whether these values were representative of the losses caused by the site.  The SVG noted that BSCP128 only allows it to default LLF values where they are non-compliant with the audit. It noted that the BSCP contains no principle that determines if and when an LLF value is too large for approval. It therefore agreed that the calculated values should enter Settlement for 2017/18.	
<b>Justification for Examining Issue</b> <i>(Mandatory by originator)</i> The SVG asked ELEXON to initiate a review of BSCP128 via an Issue Group. We have therefore raised this Issue to investigate the causes of large LLF values, whether they are appropriate and (if not) the different options for handling them under the BSC.  We believe that these questions should be discussed now so that the Panel and its Committees can consider the findings and next steps before the next LLF audit starts for 2018/19.	

**Potential Solution(s)** (*Optional by originator*)

Options suggested by SVG Members were:

- changing the LLF calculation methodology;
- introducing a cap/threshold based on objective principles, above which LLF values would be defaulted; or
- revisiting the idea of allowing Parties to retrospectively change their LLF values mid-year if their actual behaviour proves materially different to the historic data used in the calculation (previously considered under rejected Change Proposal [CP1420](#)).

Depending on the discussion and any solution, there may be impacts on both CVA and SVA LLFs.

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10/01/2017

#### 4.8. Issue Form Guidelines

These guidelines are to be used to assist in the completion of the Issue Form, contained in Appendix 4.7. The guidelines state who should complete each item on the form and whether it is mandatory or optional. They also give a brief description of the information that should be given for each item. For further guidance please contact your BCA / PACA. Once completed this form should be submitted to BSCCo for inclusion on the relevant Panel Committee agenda.

- **Issue Number** –mandatory to be completed by BSCCo once the proposed issue has been received. This is a unique number.
- **Issue Title** – mandatory and is completed by the originator at the time the issue is raised. This should be unique where possible.
- **Issue Description** – mandatory and is completed by the originator. The description should include as much detail as possible of the issue being encountered.
- **Potential Solution(s)** - optional by originator – This is to be completed where the originator has potential solutions that they want to be discussed as part of a potential solution to the issue.
- **Justification for Examining Issue** – mandatory by originator – details of the business case for examining the issue. This section should also include a brief assessment of the risk associated with leaving the problem/issue unresolved, in terms of materiality and probability of occurrence.
- **Proposer's Details** – mandatory completion by originator – the name, organisation, email address and telephone number of the proposer.