

BSC Modification Proposal Form		At what stage is this document in the process?
<h1>P383</h1> <p><b>Mod Title:</b> Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281</p>		<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid blue; background-color: #e6f2ff; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; background-color: #f1e6ff; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; background-color: #fff9e6; padding: 5px;">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification is intended to enable the aggregation of specific Metering Systems' metered data for network charging purposes, i.e. to support the operation of CUSC Modification Proposals CMP280 and CMP281. This Modification would primarily enable the BSC Panel and BSCCo to perform assurance activities in relation to the aggregation of storage facilities' Metering Systems' metered data and make clear how Suppliers, Half Hourly Data Aggregators (HHDAs) and the Supplier Volume Allocation Agent (SVAA) participate in the aggregation and reporting of this data.</p>		
	<p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> <li>not be a Self-Governance Modification Proposal</li> <li>be assessed by a Workgroup and submitted into the Assessment Procedure</li> <li>be treated as urgent and progressed under a timetable agreed by the Authority</li> </ul> <p>This Modification will be presented by the Proposer to the BSC Panel on 14 March 2019. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>BSCCo, Suppliers, HHDAs, the Transmission Company</p>	
	<p>Low Impact:</p> <p>None</p>	

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Timetable		Proposer's representative: <i>Libby Glazebrook</i>
<b>The Proposer recommends the following timetable:</b>		
Initial consideration by Workgroup	Week Commencing (WC) 23 April 2019	
Assessment Procedure Consultation	3 June 2019 – 21 June 2019	<a href="mailto:libby.glazebrook@engie.com">libby.glazebrook@engie.com</a>
Workgroup Report presented to Panel	8 August 2019	
Report Phase Consultation	13 August 2019 – 27 August 2019	07970 767221
Draft Modification Report presented to Panel	12 September 2019	Other: <i>Andrew Russell</i>
Final Modification Report submitted to Authority	16 September 2019	
		<a href="mailto:andrew.russell@engie.com">andrew.russell@engie.com</a>
		
		02073208608

# 1 Summary

## What is the issue?

CUSC Modifications [CMP280](#) and [CMP281](#) propose changes to how the Transmission Company calculates certain Transmission Network Use of System (TNUOS) and Balancing Services Use of System (BSUOS) network charges. These modification proposals were raised in response to Ofgem's challenge to industry to resolve a barrier to the entry and operation of electricity storage facilities. In particular, Ofgem challenged industry to make changes to the charging arrangements so that storage facilities would be excluded from the calculation of certain network charges, i.e. the residual demand TNUOS charge and BSUOS demand charge. Ofgem set out its challenge in the [Smart Systems and Flexibility Plan](#), in the initial consultation and launch of the [Targeted Charging Review Significant Code Review](#) and in subsequent related publications.

Should Ofgem approve either the CMP280 Workgroup Alternative CUSC Modification (WACM) or the CMP281 original proposal, the Transmission Company will need Half-Hourly (HH) Import metered data from the SVA Metering Systems of specific 'declared' storage facilities. The CMP280 Original proposal does not require any changes to the BSC, its Code Subsidiary Documents or systems. This is because the CMP280 Original proposal applies only to larger storage facilities which have Bilateral Connection Agreements (BCAs) or Bilateral Embedded Generation Agreements (BEGAs) (and so registered in CVA), so the Transmission Company already receives the metered data it requires through existing CDCA and SAA data flows.

By typically re-using existing Settlement Data, the BSC remains the primary source of aggregated metered data for a variety of non-Settlement activities, such as network charging. However, the BSC does not currently specify processes or rules for collecting and aggregating metered data from Metering Systems that measure the Imports (and Exports) for specific storage facilities – this is because the aggregation of such site-specific metered data is not necessary for Settlement. Nor does the BSC enable the BSC Panel to establish assurance measures in respect of non-Settlement activities, such as the aggregation of metered data for network charging purposes, unless the activity is provided for in the BSC, e.g. as is the case for reporting data to EMRS.

## What is the proposed solution?

This modification proposal seeks to support the CMP280 WACM and CMP281 original proposal by doing two things:

1. Introduce new processes into the BSC and its CSDs that enable the SVAA to aggregate metered data for specific 'declared' storage facilities; and
2. Specifically recognise this new non-Settlement activity in the BSC, thereby enabling the BSC Panel to establish measures that provide assurance to BSC Parties that the requirements for this new activity are followed.

## 2 Governance

### Justification for proposed progression

By itself, this Modification Proposal satisfies the Self-Governance Criteria. That is, the proposal is unlikely to have a material effect on:

- i) existing or future electricity consumers;
- 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,

Furthermore, this proposal is unlikely to discriminate between different classes of Parties (Self-Governance Criteria (b)). That is, this proposal only affects BSC Parties that are Suppliers and would enable any Supplier that is the registrant of a metering system(s) for an eligible storage facility to submit a declaration for such a storage facility.

However, we consider that this Modification Proposal should not be treated as a Self-Governance proposal. This is because it is directly related to CMP280 and CMP281 and in particular is contingent on whether Ofgem approves either CMP280 WACM or CMP281, but is not required if Ofgem only approve the CMP280 original proposal. Therefore we believe it would be better for this BSC modification proposal to be presented to Ofgem at the same time as CMP280 and CMP281 so Ofgem can consider all related changes together.

We consider that this Modification Proposal should not be treated as an Urgent proposal because it is not linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a. a significant commercial impact on Parties, Consumers or stakeholder(s); or
- b. a significant impact on the safety and security of the electricity and/or gas systems; or
- c. a Party to be in breach of any relevant legal requirements.

### Requested Next Steps

This Modification should:

- be submitted into the Assessment Procedure and assessed by a Workgroup.

Whilst we recommend that our proposal be submitted into the Assessment Phase, we believe this phase should be expedited. This is because it is important that this BSC Modification Proposal is as closely aligned with the timetable for CMP280 and CMP281, so that the Authority may consider the CUSC and BSC proposals together (CMP280 and CMP281 are expected to be presented to Ofgem in early/mid Summer) and because the solution described in this proposal is already well understood – i.e. it is the product of working closely with the CMP280 and CMP281 workgroup and ELEXON, and builds on

existing and forthcoming EMRS<sup>1</sup> and P344<sup>2</sup> BSC processes and interfaces, which have already been consulted on and supported by industry, the Panel and the Authority.

In practice, we believe the Assessment Phase should be expedited by limiting its scope and timetable. That is, a Workgroup (likely consisting of all or some CMP280/1 workgroup members) should initially meet once (and no more than twice) to consider whether there are any obvious gaps or alternatives to the proposal and detailed business requirements; that the Assessment Phase Consultation should be published soon after this first meeting; and the workgroup should reconvene once to consider consultation responses before producing a final Assessment Report shortly afterwards. The proposal would then enter the normal Report Phase.

### 3 Why Change?

#### What is the issue?

The data produced for Balancing and Settlement supports, outside of the BSC, a range of non-Settlement activities, e.g. the calculation of network charges like TNUOS and BSUOS. Traditionally, Settlement Data has been sufficient to support these non-Settlement activities. However, the industry arrangements are undergoing considerable change, in part, in response to a growing range of decentralised activities and participants. The changing industry arrangements are requiring greater visibility of specific activities and the ability to treat them differently. These developing arrangements are beginning to require more disaggregated and specific metered data that is not currently required, and may not be necessary, for Settlement purposes. However, the BSC is still the logical place to acquire this more disaggregated data.

CUSC Modifications CMP280 and CMP281 are examples of this growing demand for more disaggregated data. That is, CMP280 and CMP281 seek to identify specific storage facilities and exclude them from the calculation of certain network charges. To do this the Transmission Company will require metered data from specific SVA Metering Systems which measure Imports to these specific storage facilities. Currently, Settlement does not need to differentiate between metered volumes for specific storage facilities and other sites.

Scottish Power originally raised<sup>3</sup> CUSC Modifications CMP280 and CMP281 in response to Ofgem's challenge to industry to resolve a barrier to the entry and operation of storage facilities. In particular, Ofgem challenged industry to exclude storage from the calculation of certain network charges, i.e. the residual demand TNUOS charge and BSUOS demand charge. Ofgem set out its challenge in the [Smart Systems and Flexibility Plan](#), in the initial consultation and launch of the [Targeted Charging Review Significant Code Review](#) and in subsequent related publications.

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<sup>1</sup> At its November 2018 meeting, the BSC Panel approved an interim solution for supporting the calculation of CM and CFD Charges (collectively 'EMR Charges'). The EMR interim solution describes a BSC process that enables customers to self-declare that their sites should be excluded from the calculation of EMR Charges, and for HHDAs to report metered data for related Metering Systems to EMRS, which aggregates and subtracts this data from its calculation of EMR Charges. The EMR interim solution was implemented in February 2019. See [Panel Paper 284/07](#).

<sup>2</sup> In November 2019, Approved [BSC Modification Proposal P344 'Project TERRE'](#) will introduce a process enabling the SVAA to instruct HHDAs to report metered data for specific Metering Systems (registered in a Secondary BMU) to the SVAA.

<sup>3</sup> In November 2018, Scottish Power withdrew its support for CMP280 and CMP281. Subsequently Drax Power adopted CMP280 and Engie adopted CMP281.

In response to the CMP280 Workgroup Consultation, BSCCo proposed a [CMP280 Workgroup Alternative CUSC Modification](#) (WACM) as it was concerned that the original CMP280 proposal would only apply to CVA registered storage facilities and so would unnecessarily discriminate against SVA registered storage facilities and may have unintended consequences for competition. This WACM proposes that SVA and CVA registered storage facilities be excluded from the calculation the residual demand TNUOS charge and BSUOS demand charge .

Should Ofgem approve either the CMP280 WACM or the CMP281 original proposal, the Transmission Company will need half-hourly (HH) Import metered data from the SVA Metering Systems of specific 'declared' storage facilities.

### **Aggregation of metered data for network charging purposes**

CMP280 and CMP281 propose to exclude Imports to certain 'declared' storage facilities from the calculation of TNUOS demand residual charges and BSUOS demand charges.

Whilst the Transmission Company can relatively easily identify BM Units for storage facilities with Metering Systems registered for Central Volume Allocation (CVA) in the Central Meter Registration Service (CMRS) and exclude these from the calculation of network charges, the CMP280 WACM and CMP281 Original Proposal also seek to exclude eligible storage facilities whose Metering Systems are registered for Supplier Volume Allocation (SVA) in the Supplier Meter Registration Service (SMRS).

Currently the BSC requires that the SVAA sends the Transmission Company a TUOS Report. The TUOS Report provides the Transmission Company with a range of metered volumes which are either by themselves defined for use in Settlement (i.e. actual Settlement Data) or are simply derived (by aggregation or disaggregation) from Settlement Data.

Should Ofgem approve the CMP280 WACM or CMP281 Original Proposal, the Transmission Company would require the aggregation of Imports measured by SVA Metering Systems for 'declared' storage facilities. Whilst the BSC does differentiate between different types of use, i.e. as part of NHH profiling, it does not differentiate based on the assets or facility situated behind the Metering System.

As such there is no defined process for collecting and aggregating metered data for specific storage facilities in the BSC or necessary for Settlement purposes. Therefore to ensure the BSC continues to support the Transmission Company in its calculation of network charges (an activity required by its licence), new BSC processes explaining how Suppliers, HHDAs and the SVAA will identify, aggregate and report metered data will need to be described in the BSC and its Code Subsidiary Documents.

### **Providing assurance for a non-Settlement activity**

Primarily the BSC describes requirements and processes necessary for Settlement. In addition the BSC includes provisions for non-Settlement activities, e.g. supporting EMR activities or the provision of aggregated data for network charging.

The BSC's Performance Assurance Framework (PAF) is designed to provide assurance to BSC Parties by identifying and managing Settlement Risks. A Settlement Risk 'is a risk of any failure or error in a step or process required under the Code (including in each case a risk which has materialised as an actual failure or an error) for the purpose of effecting Settlement or otherwise required in connection with Settlement in accordance with the provisions of the Code'. Therefore, the PAF cannot be used in relation to BSC processes that have no impact on Settlement, such as the specific collection, aggregation and reporting of metered data for network charging purposes only.

To date the industry has relied on the PAF to provide assurance that the data reported to the Transmission Company for network charging purposes is correct, i.e. the production and reporting of the TUOS Report. This is because the data reported in the TUOS Report is either data used for Settlement

purposes (i.e. Settlement Data) or at least simply derived from Settlement Data. Because of the close relationship between the data reported in the TUOS Report and the data used for Settlement purposes, the PAF's assurance of the processes and data used for Settlement purposes assures those using the data for network charging purposes.

Where activities (including non-Settlement activities) are explicitly provided for in the Code, the BSC Panel has the power to take steps to ensure the Code is given effect and to take steps to ensure compliance (i.e. B3.1.2(f)). In this regard it may establish assurance measures, outside the PAF, that monitor these non-Settlement activities. A good example of this is the Panel's approach to providing assurance over EMR Reporting requirements. That is, BSC Sections C11, S2.9, S2.10 and V5 set out non-Settlement arrangements for supporting the EMR Settlement Services Providers. These explicit provisions in the BSC enable the Panel to exercise its power described in B3.1.2(f). This was demonstrated at the BSC Panel's November 2019 meeting, when it agreed to establishing non-PAF assurance measures in respect of the 'interim solution' for supporting the calculation of EMR Charges.

Whilst the BSC requires the SVAA to send a TUOS Report to the Transmission Company, it does not envisage the collection and aggregation of metered data based on the type of site or customer, e.g. in this case for specific storage facilities. The CMP280 and CMP281 solutions require that the metered data from specific SVA registered storage facilities is aggregated and reported to the Transmission Company. BSC Parties and industry stakeholders recognise and value the BSC's approach to assurance and its role in assuring that data used for network charging purposes is accurate. It is essential that any new BSC processes that enable the aggregation of metered data for these facilities is backed up by appropriate assurance measures. Unless the BSC is modified to explicitly recognise the new processes we have proposed, the BSC would not allow the BSC Panel to establish these assurance measures.

## 4 Code Specific Matters

### Technical Skillsets

We recommend that the Workgroup assessing this Modification Proposal has expertise in the following areas:

- TNUOS and BSUOS charging arrangements, in particular data requirements for network charging and CMP280/281
- BSC Settlement data and reporting
  - Including HH Data Aggregation and related activities
- BSC Settlement calculations and processes

### Reference Documents

#### *CUSC Modifications*

This modification proposal is intended to support changes to the CUSC. The CUSC modification proposals, consultation documents and other workgroup related materials provide context to the overall change and to the specific requirements of this BSC Modification Proposal. Please note that at the time of preparing this proposal, more detailed CUSC requirements and legal texts were in draft and not published.

CMP280 - <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/creation-new-generator-tnuos-demand-tariff>

CMP281 - <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-bsuos-charges-energy-taken-national>

### *EMR CM and CFD Charging Interim Solution*

This Modification Proposal was inspired by the interim solution developed by ELEXON to support the exclusion of licensed generators from the calculation of CM and CFD Charges. ELEXON's solution was consulted on and approved by the BSC Panel.

ELEXON Consultation on how to align BSC Reporting with EMR Regulations, October 2018 - <https://www.elexon.co.uk/consultation/consultation-align-bsc-reporting-emr-regulations/>

BSC Panel Paper 284/07 'Aligning BSC reporting with EMR Regulations', November 2018 - <https://www.elexon.co.uk/documents/groups/panel/2018-meetings/284-november/284-07-aligning-bsc-reporting-with-emr-regulations/>

### *Approved BSC Modification P344*

Approved BSC Modification Proposal P344 will establish a process whereby SVAA may request HHDA's to provide it with HH metered data for specific Metering Systems. This Modification Proposal intends to make use of the Supplier, HHDA and SVAA interfaces and processes updated or introduced by P344 in November 2019.

Final Modification Report and proposed BSC legal text: <https://www.elexon.co.uk/mod-proposal/p344/>

Proposed CSD legal texts: <https://www.elexon.co.uk/release/february-2019-bsc-release/>

## 5 Solution

### Proposed Solution

We propose to modify the BSC and certain of its CSDs so they describe processes that enable HH Imports for specific SVA registered storage facilities to be aggregated and reported to the Transmission Company.

In summary, our proposal will work as follows: the operator of an eligible storage facility must provide a director-signed declaration to the SVAA, via its Supplier(s); the SVAA will validate the declaration and if successful SVAA will instruct the HHDA(s) for the declared MSID(s) to report HH Import and Export metered data to it; the SVAA will aggregate the Import and Export metered data to Supplier BMU level and report the Imports to the Transmission Company for use in the calculation of network charges; and the BSC Panel will establish measures that provide assurance that the processes are followed correctly and accurately.

This process builds on processes which have been agreed by the BSC Panel to support the calculation of CM and CFD Charges<sup>4</sup> and the implementation of Agreed BSC Modification Proposal P344<sup>5</sup>. Therefore,

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<sup>4</sup> BSC Panel Paper 284/07

<sup>5</sup> Please see Business Requirements 4 and 5 set out in P344 Final Modification Report – Appendix C

this process will make use of existing and forthcoming interfaces that would enable SVAA to instruct HHDA's to report HH metered data for specific Metering Systems to it.

## Approach to aggregation

The following is a summary of the different elements of our proposed approach to aggregating and reporting metered data.

**Self-declaration** – in order to exclude a storage facility from the calculation of network charges, the operator must send its Supplier(s) a director-signed declaration, which sets out important information about the storage facility. The declaration will confirm that the storage facility being declared complies with the criteria set out in the CUSC (e.g. that the facility is operated by generation licence holder and that the facility is only used for storage purposes) and states the facility's associated Metering System ID(s). If the storage facility's MSIDs are registered with more than one Supplier, it must ensure separate declarations are prepared and sent to each Supplier, but that each declaration identifies any related MSIDs.

The Supplier must send the declaration to SVAA. The Supplier may perform its own-validation of the declaration (as ultimately the Supplier is the BSC Party and CUSC Party responsible) but is not obliged to do so.

A standard declaration template will be defined in a BSC CSD. We expect to use the EMR CM and CFD declaration template as a model.

**Validation** – SVAA must check that any declaration is completed properly and that it is valid, i.e. that it satisfies the criteria that will be set out in the CUSC in accordance with CMP280 and CMP281. If the declaration is incomplete or invalid, SVAA will inform the relevant Supplier and provide an explanation for its reason to reject the declaration.

**Instruction to HHDA to report metered data** – Only if SVAA accepts that a declaration is complete and valid, SVAA will use ECOES to identify the HHDA(s) appointed to the declared MSID(s) and instruct it/them to report HH Import and/or Export metered data for the declared MSID(s). The SVAA and HHDA must use existing appointment DTC data flows, i.e. the D0354 sent by SVAA to appoint, D0355 sent by HHDA to accept appointment and D0356 sent by HHDA to reject appointment.

**Report metered data to SVAA** – once appointed the HHDA will report HH Import and/or Export metered data to SVAA according to the prevailing SVAA Settlement Calendar for data aggregation.

**Aggregate metered data** – in accordance with prevailing SVAA Settlement Calendar, the SVAA will aggregate the HH Import data reported to it by HHDA's by Settlement Day, Settlement Period, Supplier BMU and Measurement Class. In addition the SVAA will calculate distribution losses for these aggregated metered volumes. When aggregating metered data, the SVAA will check for MSIDs with missing Imports and Exports, investigate missing data and resolve these exceptions.

**Report aggregated Metered Data** – the SVAA will report aggregate Metered Data and associated losses to the Transmission Company using the P0210 TUOS Report and in accordance with the current timetable for reporting the P0210, i.e. in accordance with the SVAA Settlement Calendar.

## Approach to assurance

As any process for collecting, aggregating and reporting metered data from storage facilities to the Transmission Company for network charging would be a non-Settlement process, we propose introducing some general provisions into the BSC (as well as more detailed processes and requirements in the BSC's CSDs) that describe the overall requirements to declare specific sites and MSIDs, and then collect, aggregate and report the storage facilities' metered data. By explicitly recognising these new non-

Settlement processes in the BSC, it will allow the BSC Panel (in accordance with Section B3.1.2(f)) to establish specific assurance measures that cover the processes necessary for supporting the calculation of network charges.

Once the Panel is able to establish dedicated assurance measures, we would expect the BSC Panel to mirror the measures it agreed as part of the Interim Solution for reporting data to EMRS for the calculation of CM and CFD Charges. That is, SVAA would keep declarations made by Suppliers under review and periodically check related metered volumes for declared storage facilities, follow up any anomalies with Suppliers and if necessary report these to BSCCo who may seek the Panel's approval to exclude Metering Systems from the aggregated volumes reported to the Transmission Company.

## 6 Impacts & Other Considerations

### Impacts

We expect that this proposal will have the following impacts:

- Who?
  - Operators of storage facilities
  - Suppliers
  - HHDA's
  - SVAA
  - Transmission Company
- Which processes?
  - Existing:
    - HHDA Data Aggregation Run
    - SVAA Volume Allocation Runs
  - New
    - Submission and verification of storage facility declarations
    - Processing of SVAA instructions relating to storage facility Metering Systems
- Which documents?
  - Balancing and Settlement Code
  - BSCP503 – Half Hourly Data Aggregation
  - BSCP508 – Supplier Volume Allocation
  - SVAA Service Description
  - SVAA User Requirement Specification
  - SVA Data Catalogue
- Which systems?
  - BSC Central Systems
    - SVAA
  - BSC Parties, Party Agents and stakeholders
    - TBC

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

This proposal is not explicitly within the scope of an active Significant Code Review but is related to a wider initiative, which, in part, is being progressed as an SCR.

Ofgem's Targeted Charging Review (TCR) has a wide scope, some of which is being progressed under an SCR (the TCR SCR) and the remainder is being progressed outside of the TCR SCR. CMP280 and CMP281 respond to a specific challenge set by Ofgem, which is part of the TCR but outside the scope of the TCR SCR. That is, when Ofgem launched the TCR SCR in August 2017<sup>6</sup>, it confirmed that industry were best placed to bring forward modifications to the network charging arrangements for storage and that this work was outside the scope of the TCR SCR.

On 24 January 2019, in an open letter<sup>7</sup>, Ofgem recently confirmed its views that changes to the network charging arrangements for storage should continue to be progressed outside of the TCR SCR. We therefore request that this Proposal be treated as an SCR Exempt Modification Proposal.

## Consumer Impacts

This proposal by itself does not directly affect consumers nor does it affect the calculation of Settlement which may have an indirect impact on consumers. However, this proposal supports proposals to change the CUSC's network charging arrangements, i.e. CMP280 and CMP281. The consultations and reports for CMP280 and CMP281 are better placed to identify potential consumer impacts brought by changing how network charges are calculated, which this BSC Modification may contribute to.

This proposal is likely to affect a small number of storage operators. That is, the CUSC requirements limit which storage facilities could be exempt from certain TNUOS and BSUOS charges. In the case of storage facilities whose Metering Systems are registered in SMRS, only those facilities that are operated by a generation licensee and whose Metering Systems are registered for Settlement purposes and only measure Imports and Exports to the storage facility may seek to be excluded from the certain TNUOS and BSUOS charges. Similar limitations apply for those seeking to be excluded from the calculation of CM and CFD Charges and responses to ELEXON's consultation on its Interim Solution suggest that there may be tens or possibly hundreds of sites that may be eligible.

## Environmental Impacts

We do not expect this Modification Proposal to have any specific environmental impacts.

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<sup>6</sup> Ofgem, 'Targeted Charging Review – Significant Code Review launch statement', August 2017 - <https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-significant-code-review-launch>

<sup>7</sup> Ofgem, 'Open letter on implications of charging reform on electricity storage', January 2019 - <https://www.ofgem.gov.uk/publications-and-updates/open-letter-implications-charging-reform-electricity-storage>

## 7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	<b>Positive</b>
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(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	<b>Positive</b>
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	<b>Positive</b>
(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]	Neutral
(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	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

**Objective (a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence** – the Transmission Company is required by standard condition C4 of its licence to establish a Use of System Charging (UoS) Methodology and conform to it. The UoS methodology is set out in the CUSC. This Modification’s primary purpose is to enable the CMP280 WACM and CMP281 which seek to change the UoS charging methodology set out in the CUSC. Should Ofgem approve these CUSC Modifications, the Transmission Company will require metered data from specific storage facilities’ Metering Systems. This BSC Modification proposes to put in place processes that will collect, aggregate and report these metered volumes to the Transmission Company. By building on best practice and making best use of existing and forthcoming centralised BSC processes and Systems, this solution will enable the efficient discharge of the Transmission Company’s licence obligations.

**Objective (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** – As part of its Smart Systems and Flexibility Plan and its launch of the Targeted Charging Review, Ofgem recognised that the operation of storage facilities may be at a disadvantage when compared to other forms of generation. Consequently Ofgem challenged industry to change the network charging arrangements so that storage facilities would not have to pay UoS Demand Residual Charges and BSUOS Demand Charges. CMP280 (Original and WACM) and CMP281 seek to address Ofgem’s challenge to industry, and remove barriers to storage operators participating on a more even basis with other generators. The CMP280 WACM and CMP281 original proposal seek to apply to as many storage

facilities as possible, irrespective of how they are registered for Settlement and which public electricity network they are connected to. The CMP280 original proposal only applies to a smaller set of CVA registered storage facilities. To the extent that this BSC Modification is necessary to support the implementation of the CMP280 WACM and CMP281, we believe that this proposal is essential to promoting effective competition in the generation of electricity.

**Objective (d) Promoting efficiency in the implementation of the balancing and settlement arrangements** – rather than build new processes and systems, this proposal seeks to build on existing processes (i.e. those recently implemented to support EMR Reporting), and make use of forthcoming processes, systems and interfaces (i.e. the processes for instructing HHDAs to report Metering System metered data to SVAA). By making best use of existing and forthcoming processes and systems, this proposal should ensure an efficient implementation and ongoing operation of the BSC arrangements.

## 8 Implementation Approach

We expect that, if approved CMP280 and CMP281, will take effect from April 2020. Therefore we propose that this Modification Proposal is implemented as part of either the November 2019 or February 2020 BSC Systems Release, subject to the normal Impact Assessment processes.

## 9 Legal Text

### Text Commentary

Following discussion with ELEXON, we propose that a draft legal text is prepared in time for the first workgroup meeting.

## 10 Recommendations

### Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- Agree that P383 not be progressed as a Self-Governance Modification Proposal; and
- Agree that P383 be sent into the Assessment Procedure for assessment by a Workgroup.