

P388 'Aligning the P344 & P354 Solutions'

P388 seeks to align the P354 solution with the P344 solution by aligning the Supplier Volume Allocation (SVA) Metering System Register processes that holds both Secondary Balancing Mechanism Unit (SBMU) and Applicable Balancing Services Volume Data (ABSVD). It will update the process for aggregating National Grid ABSVD inputs in the SVAA, and remove conflicting definitions of shared defined items in the BSC legal text.



ELEXON recommends P388 is progressed directly to the Report Phase with an initial recommendation to approve

This Modification is expected to impact:

- Supplier Volume Allocation Agent (SVAA)
- Settlement Administration Agent (SAA)
- National Grid Electricity System Operator (NGESO)

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 11 July 2019. The Panel will consider the recommendations and agree how to progress P388.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the P388 Proposal Form.
- Attachment B contains the proposed changes to the BSC.



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1 Why Change?

Background

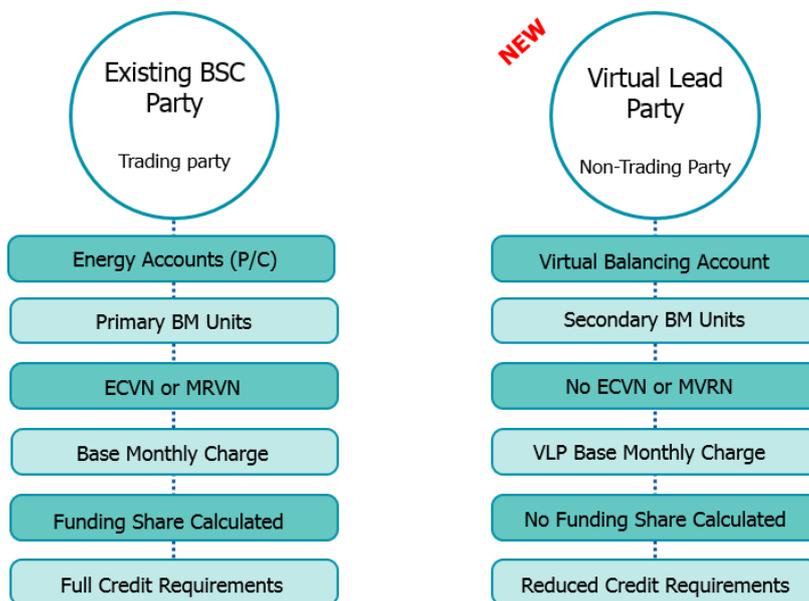
P344 'Project TERRE'

P344 introduced a new BSC Party Role called a Virtual Lead Party (VLP) who will act as an Independent Aggregator in the Supplier Volume Allocation market. An Independent Aggregator is a Party who bundles changes in consumer's loads or distributed generation output for sale as a balancing service but do not simultaneously supply the customer with energy. P344 will enable VLPs to provide TERRE, a Replacement Reserve balancing service.

Balancing Services delivered by a VLP will therefore affect Metered Volumes at Boundary Point Metering Systems and therefore the Imbalance Position of the registered Supplier at those sites. To ensure that no Supplier is adversely impacted by these actions P344 introduces obligations on the VLP to inform the Supplier Volume Allocation Agent (SVAA) of the sites within its portfolio that it will be using to provide Balancing Services in the form of MSID Pairs. P344 also introduces obligations on the VLP to inform SVAA of the volume deviation of each site it has used to provide Balancing Services in the form of MSID Pair Delivered Volume.

MSID Pair Delivered Volume forms the basis of the adjustments made to the Supplier's Imbalance Position to rectify any impact as a result of the actions taken by a VLP.

The below diagram illustrates the new VLP entity compared with an existing BSC Party operating in the BM.



P344 was implemented on 28 February 2019 to enable the registration of VLPs. However, the P344 legal text introduced a P344 Final Implementation Date, which is when the non-registration elements of the P344 solution will go live. The P344 Final Implementation Date is triggered by a notification from the National Electricity Transmission System Operator (NETSO) and is expected to be in December 2019.



What is Project TERRE?

Project TERRE (Trans European Replacement Reserve Exchange) is a European project to implement a new Replacement Reserve (RR) balancing product, which has been developed by a group of European Transmission System Operators (TSOs), including the GB TSO as National Grid Electricity System Operator (ESO).

Project TERRE will enable all TERRE participating Balancing Service Providers (BSPs) (defined as a market participant with reserve-providing groups able to provide balancing services to TSOs) to submit bids to National Grid on an hourly basis to fulfil 15 minute delivery periods.

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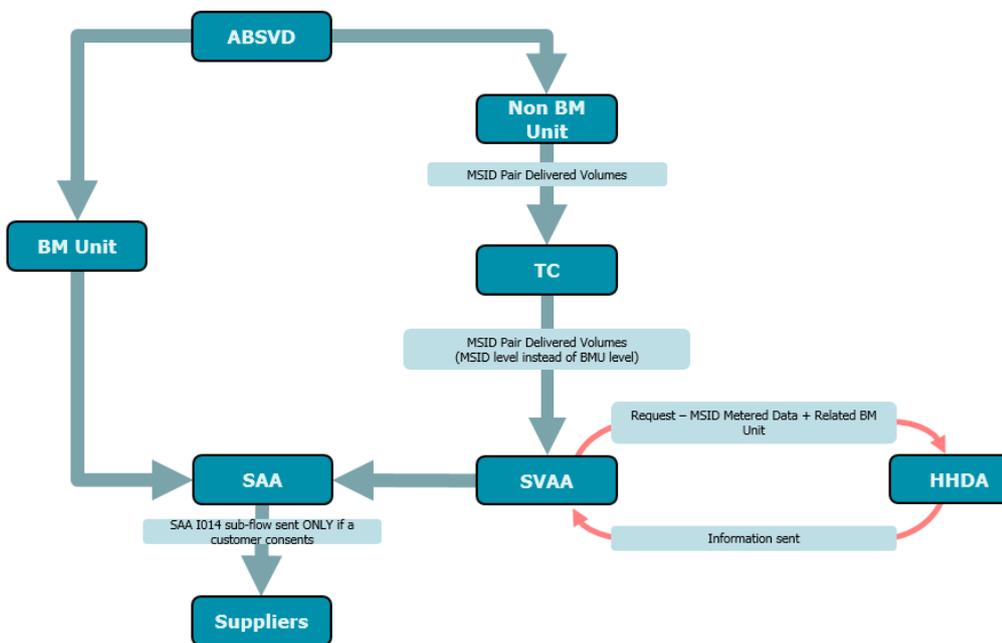
P354 'ABSVD'

The P354 solution rectifies a defect in the current arrangements for notifying Applicable Balancing Services Volume Data (ABSVD). P354 obligates the National Electricity Transmission System Operator (NETSO) to provide ABSVD for non-BM Balancing Services providers to BSC Central Systems for allocation to the appropriate Supplier BM Unit to correct their Energy Imbalance position.

Balancing Services actions delivered by a Non-BM Balancing Service Provider will affect the metered volumes at sites and therefore the Imbalance Position of the registered Supplier of those sites. To ensure that no Supplier is adversely impacted by these actions P354 introduces obligations on NETSO to inform SVAA of the sites that they will be using to provide Balancing Services in the form of MSID Pairs. P354 also introduces obligations on NETSO to inform SVAA of the volume deviation of each site they have used to provide Balancing Services in the form of MSID Pair Delivered Volume.

MSID Pair Delivered Volume forms the basis of the adjustments made to Supplier Imbalance Positions to rectify any impact on the actions taken by NETSO.

The below diagram illustrates the ABSVD process.



P354 will be implemented on 1 April 2020.

What is the issue?

P344 and P354 were designed in parallel to share processes in regards to recording MSID Pairs on the SVA Metering System Register maintained by SVAA, MSID Pair Delivered Volume allocation, subsequent Delivered Volume aggregation and Supplier Primary BM Unit adjustment.

However, as neither BSC Modification had been approved while drafting the shared processes they could not be aligned in their design phases as they could not reference nor interact with the other solution.

P344 and P354 will introduce two independent solutions which when combined create duplicate, incoherent and contradictory sets of defined terms and obligations. If the

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solutions are not aligned the legal integrity of the BSC deteriorates and there is a significant risk that erroneous data is entered into Settlement.

Both P344 and P354 solutions seek to adjust a Suppliers Imbalance Position for actions taken by a third party i.e. VLP actions in P344 and Non-BM Balancing Service Provider actions in P354. Both solutions mandate the creation of a register to record MSIDs used by these third parties and identify the impacted Supplier. Delivered volumes are collected and compared against metered volumes at the relevant Boundary Point Metering System to be used in calculating an adjustment to the Imbalance position of the impacted Supplier.

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Proposed solution

SVA Metering System Register

P344 and P354 both require that a BSC Party to inform Supplier Volume Allocation Agent (SVAA) of the contents of their Balancing Services portfolio by submitting MSID Pairs to the Supplier Volume Allocation Agent (SVAA).

Both solutions were written to capture MSID Pairs from a singular data source and have minor format discrepancies in regards to required data items. A combined solution is needed to accept MSID Pairs from multiple sources and be able to store and differentiate between MSID Pairs for different Balancing Services.

Delivered Volume aggregation

P344 and P354 both require that SVAA aggregate MSID Delivered Volumes per impacted Supplier BM Unit. However, the P344 solution includes a correction for GSP Group Correction Factor whilst P354 does not.

This Modification proposes to align the solutions by applying GSP Group Correction Factor to the P354 ABSVD volumes to ensure that all volumes in Settlement have been adjusted consistently.

Conflicting definitions

A number of conflicting definitions have been identified as each solution has defined items in the context of their own solution. The definitions shall be expanded to include reference to both P344 and P354 solutions respectively.

Manifest Errors

A number of small errors / typos / incorrect references have been identified in both the P344 and P354 texts which can be rectified

Applicable BSC Objectives

The Proposer believes this Modification has a positive effect on Applicable BSC Objective (d) (promoting efficiency in the implementation of the balancing and settlement arrangements) as a combined solution will accept MSID Pair Delivered Volumes from multiple sources and be able to allocate them fairly and accurately by taking into account both sets of Volumes. This will therefore ensure the BSC is delivering the P344 and P354 solutions more efficiently. It will also simplify, and allow flexibility to, the registration of new balancing services, products and metering to be used for Balancing Services.



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company 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

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Implementation approach

The Proposer suggests an implementation date of 1 April 2020 to align with the P354 Implementation date of 1 April 2020. This would ensure no new issues are created in the SVAA.

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3 Proposed Progression

Next steps

The Proposer believes this Modification should be progressed straight to the Report Phase as the solution is self-evident and industry will be consulted via the Report Phase Consultation. The P344 and P354 changes to the BSC are already approved and a gap analysis has been conducted by ELEXON and the Proposer to identify the changes that are required to deliver both of these Modifications. The Proposer believes that the changes required to resolve the conflicts are self-evident and clear and that the time and effort of a Workgroup to assess the solution would not add any value.

This Modification does not amend the intent of the P344 and P354 solutions. However, it is proposed to amend the P354 solution to adjust for GSP Group Correction Factor. This will align to the P344 solution and increase the accuracy of the P354 volumes. We propose to include a question in the Report Phase Consultation to confirm whether there is any reason not to make this amendment.

Self-Governance

The Proposer requests that this Modification is progressed as a Self-Governance Modification. This is on the basis that his Modification will not make any changes that will have a material impact on the Self-Governance criteria. This Modification will provide clarity to the approved P354 and P344 solutions but does not change the intent of the solutions.

Timetable

Proposed Progression Timetable for P388	
Event	Date
Present Initial Written Assessment to Panel	11 July 2019
Report Phase Consultation (10 WDs)	17 July 2019 – 30 July 2019
Draft Modification Report presented to Panel	8 August 2019



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.

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4 Likely Impacts & Costs

Estimated Costs

P388 is not changing the intent of the P344 or P354 approved solutions. Rather it is ensuring that where the solutions overlap, they are designed and delivered in an efficient and clear way. The P354 BSC subsidiary documents have not yet been developed and issued for consultation. Therefore, whilst P388 will impact the P354 BSC subsidiary documents, there is no direct impact on market participants over and above the impacts already identified through P354, as they have not yet seen the P354 BSC Code Subsidiary documents. We do not believe the changes to the P354 BSC subsidiary documents because of P388 materially impact the complexity or magnitude of the P354 solution. Rather P388 simplifies and clarifies the P344 and P354 solutions so that they are aligned. It is also for these reasons that this Modification itself does not directly impact P344 documentation.

ELEXON costs

Implementing the document changes required by this Modification will cost approximately £1,440.

BSC Central Systems

This Modification will align the P344 and P354 solutions and consequently will amend some of the system calculation steps, but will not affect the calculated outcomes. We do not expect these impacts to materially alter the previously reported P354 costs of £300k.

Anticipated Industry Costs

We do not anticipate there to be any market participant impact or costs arising from the implementation of this solution as the changes do not impact any Party obligations or data flows.

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
	We do not anticipate this Modification will directly impact Parties over and above impacts already identified through Modification P354. The inputs and outputs for the P344 and P354 solutions are not changing.

Impact on the National Electricity Transmission System Operator (NETSO)

NETSO has indicated changes will be required to its systems as a result of P388 business requirements as additional data items are required. The NETSO is assessing this impact, and any cost will be reported to market participants as part of the Report Phase Consultation.

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Impact on BSCCo	
Area of ELEXON	Potential Impact
ELEXON will be required to implement this Modification	

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
SVAA	The SVAA will be required to apply the Group Correction Factor to the LLF adjusted ABSVD Delivered Volumes to align with P344 solution.

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
None identified	

Impact on Code	
Code Section	Potential Impact
Section H	Clarification of terminology
Section J	Changes to referenced Agent's Metering System
Section Q	Additional or amended information in MSID Pairs
Section S	Additional or amended process for Pair Delivered Volumes
Section T	Changes to defined terms
Section X-1	Changes to defined terms
Section V	New reporting information
Section X-2	Changes to defined terms
Annex S-2	The SVAA will be required to apply the Group Correction Factor to the LLF adjusted ABSVD Delivered Volumes to align with P344 solution.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
SVAA Service Description	These documents will require amendments as a result of P388, which will be developed and consulted upon as part of the implementation phase of this Modification.
SAA Service Description	

Impact on other Configurable Items	
Configurable Item	Potential Impact
SVAA URS	

Impact on other Configurable Items	
Configurable Item	Potential Impact
SAA URS	These documents will require amendments as a result of P388, which will be developed and consulted upon as part of the implementation phase of this Modification.

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	No impacts identified
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
On 3 July 2019, we requested that P388 be SCR exempt, and hope to have this confirmed by the BSC Panel meeting on 11 July 2019.

Impact on Consumers
No impact

Impact on the Environment
No impact

5 Recommendations

We invite the Panel to:

- **AGREE** that P388 progresses directly to the Report Phase;
- **AGREE** that P388:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** an initial recommendation that P388 should be **approved**
- **AGREE** an initial P388 Implementation Date of 1 April 2020;
- **AGREE** the draft legal text;
- **AGREE** an initial view that P388 should not be treated as a Self-Governance Modification;
- **AGREE** the proposed P388 timetable; and
- **NOTE** that ELEXON will issue the P388 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation.

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
ABSVD	Applicable Balancing Services Volume Data
BM	Balancing Mechanism
BSP	Balancing Services Provider
MSID	Metering System Identifier
NETSO	National Electricity Transmission System Operator
RR	Replacement Reserves
SBMU	Secondary Balancing Mechanism Unit
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent
TERRE	Trans European Replacement Reserves Exchange
VLP	Virtual Lead Party

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
	P344 - Final Modification Report	https://www.elexon.co.uk/wp-content/uploads/2016/06/P344-Final-Modification-Report.zip
	P354 - Final Modification Report	https://www.elexon.co.uk/wp-content/uploads/2017/01/P354-Final-Modification-Report.zip