October 2002

ASSESSMENT REPORT FOR MODIFICATION PROPOSAL P81 - REMOVAL OF THE REQUIREMENT FOR HALF HOURLY METERING ON THIRD PARTY GENERATORS AT DOMESTIC PREMISES

Prepared by the Volume Allocation Modification Group on behalf of the Balancing and Settlement Code Panel

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	01/10/02	Joanne Ellis		Initial Draft
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b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	Energywatch
Core Industry Document Owners	Various

c References

Ref.	Document Name	Author	Version	Date
1	Modification Proposal P81	TXU	1.0	10/05/02
2	Initial Written Assessment for P81	ELEXON	1.0	11/07/02
3	P81 Requirements Specification	ELEXON	1.0	09/08/02
4	P81 Consultation Document	ELEXON	1.0	13/09/02

Copies of the above documents can be found on the ELEXON website at www.elexon.co.uk.

d Intellectual Property Rights and Copyright

II CONTENTS TABLE

1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Phase, and the resultant findings of this report, the Modification Group recommends that the BSC Panel should:

- **NOTE the P81 Assessment Report and the recommendations of the Volume Allocation Modification Group;**
- **ENDORSE the recommendation of the Volume Allocation Modification Group and proceed to the Report Phase in accordance with Section F2.7 of the Code;**
- **AGREE that the draft Modification Report contain a provisional recommendation that the Alternative Modification should be made with an Implementation Date of February 2004 if a determination is made by the Authority prior to 1 April 2003[1];**
- **AGREE that the Proposed Modification P81 should not be made;**
- **In the event that the Authority determines that the Proposed Modification P81 should be made, AGREE an Implementation Date of February 2004 if a determination is made by the Authority prior to 1 April 2003; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting on 14 November 2002.**

1.2 Background

TXU UK Ltd submitted P81 'Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises' (P81) on 3 May 2002. The Initial Written Assessment (reference 2) was submitted to the Panel meeting on 16 May 2002, where it was agreed to submit P81 to the Definition Procedure to be carried out by the Volume Allocation Modification Group (VAMG). A Definition Report was presented to the Panel on 18 July 2002 and the Panel agreed to submit P81 to a 3-month Assessment Procedure (in accordance with section F2.6 of the Code).

P81 seeks to remove the requirement for domestic premises with Third Party Generating Plant to have Half Hourly (HH) Metering Equipment. The Proposer suggests that this will better facilitate competition in the supply and generation of electricity, by removing an obstacle to the use of micro-generation e.g. domestic Combined Heat and Power (CHP) and photovoltaic (PV) cells.

Details of the consultation and assessment undertaken during the Assessment Procedure can be found in the following sections of this report:

- Section 4 provides a description of P81, the issues discussed by the VAMG and defines the extent to which the proposal would better facilitate the achievement of the Applicable Balancing and Settlement Code Objectives (BSC Objectives).
- Sections 5 to 9 assess the impact of P81 on the Code and Code Subsidiary Documents, BSC Agents, Core Industry Documents, ELEXON, Parties and Party Agents.

[1] The VAMG is investigating if it is possible to put a workaround in place that can be used whilst the software is being developed, which will allow the Implementation Date to be brought forward.

- Section 10 summarises the representations made by industry participants to the consultation undertaken during the Assessment Procedure and the views and comments of the VAMG in respect thereof.

1.3 Rationale for Recommendations

The VAMG believe that allowing Third Party Generators to have their Export settled under a Non Half Hourly Profile, as is the case for both the Proposed Modification and the Alternative Modification, would better facilitate the achievement of the Applicable BSC Objectives set out in paragraph 3 of Condition C3 of the Transmission Licence as follows:

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.

The VAMG agreed with the consultation responses that it would better facilitate the achievement of this Objective, by allowing any premise type up to a capacity limit to be included rather than only "domestic premises". This will allow small industrial customers to benefit whilst, through imposing a maximum level, limiting the potential error that may enter the Settlement systems through the adoption of a profiled solution. The VAMG therefore recommends that the Proposed Modification should be rejected and that the Alternative Modification should be approved.

2 INTRODUCTION

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

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

3 MODIFICATION GROUP DETAILS

This Assessment Report has been prepared by the VAMG with additional members from the Settlement Review Group. The Membership of the VAMG was as follows:

Member	Organisation
Peter Davies	ELEXON (chairman)
Katherine Bergin	SSE
Alec Thompson	LE Group
David Cooper	Electricity Association
Phil Russell	TXU (Proposer)
Bob Brown	Cornwall Consulting
Neil Magill	ScottishPower
Afroze Miah	Powergen
Rob Cullender	British Gas
Malcolm Piper	Seeboard Energy
Martyn Hunter	St Clements
Richard Westoby	Scottish & Southern
Clare Talbot	NGC
Chris Pooley	Cambell Carr
Richard Harrison	NPower
Liz Cutting	TXU
Dave Sowden	MicroGen (BG Group)

Joanne Ellis	ELEXON
John Lucas	ELEXON
Keith Campion	ELEXON

Additional attendees as the meetings included:

Attendee	**Organisation**
Ian Tilden	Ofgem
Paul O'Donovan	Ofgem
Bob Jeyne	Powergen
Philip Johnson	Ocean Power
John Parsons	Advantica
John Lees	Npower
Ian Hickinbotham	Gemserv
Karen Lee	St Clements
Jonathan Purdy	SPN - LE Group

The Terms of Reference for the P95MG can be found on the BSC website at www.elexon.co.uk, and a copy of the specific terms of reference is given in Annex 4.

4 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

4.1 The Process Followed

P81 seeks to remove the requirement for domestic premises with Third Party Generating Plant to have HH Metering Equipment. The Proposer suggests that this will better facilitate competition in the supply and generation of electricity, by removing an obstacle to the use of micro-generation e.g. domestic CHP and PV cells.

The VAMG met on the 25 July 2002 to discuss the progression of P81 in the Assessment Procedure, any Alternative Modification that should be considered and to agree the scope of the different profiling options that should be considered further by an impact assessment. A requirements specification was written and issued (reference 3), and high level impact assessment responses were received from the Supplier Volume Allocation Agent (SVAA), Logica (NHH Data Aggregation/EAC-AA/SVAA Software), the Profile Administrator, BSC Parties and from within ELEXON.

The VAMG met on the 22 August 2002 to discuss the responses to the high level impact assessment (HLIA) and from this agreed on the implementation method of both the Modification Proposal and the Alternative Modification Proposal. The VAMG agreed that a consultation should be carried out to seek views on the implementation of P81 so that a decision can be reached on the recommendation for progressing P81. The VAMG also agreed that a further impact assessment by BSC Parties, BSC Agents and Logica would be necessary.

The VAMG met on the 1 October 2002 to discuss the responses to the detailed level impact assessment (DLIA) and the consultation and to agree on the recommendations to be presented to the Panel for progression of the Modification Proposal and the Alternative Modification. The VAMG also agreed that further clarification of the costs and implementation timescale should be sought for the developments needed to the SVAA software.

Following the meeting on 1 October 2002 the VAMG were made aware of a change that is currently being progressed through the Supplier Volume Allocation Group (SVG) that will change the current process for handling HH estimated data. The VAMG agreed that the previous discussions on how to treat NHH export meter readings were now irrelevant. This is detailed further in section 4.3.5.

A further impact assessment from Logica was received after the meeting of 1 October 2002 and the details are given in Section 6.

4.2 The Modification Proposal

P81 seeks to relax the current Code requirements, to allow Exports from domestic premises to be taken into account for Settlement purposes without HH Metering Equipment being installed. The rationale given for this is that the metering and data collection costs associated with HH Metering Equipment are disproportionate for micro-CHP and PV technologies.

P81 does not seek to change the current requirements for separate metering of Imports and Exports. This also means that any site wishing to have the Exports settled will need to have an Import and an Export Meter Point Administration Number (MPAN) registered.

During the P81 Definition Procedure the VAMG agreed that the definition for 'domestic premises' given in the Supply Licence Standard Conditions should be used:

`domestic premises' premises at which a supply is taken wholly or mainly for domestic purposes

There are also other circumstances defined in Condition 22 of the Supply Licence where the term Domestic Premises may apply. Following the consultation carried out as part of the Definition Procedure the VAMG agreed that Condition 22 would not apply.

The P81 Definition Procedure did not address the mechanisms that should be used within Supplier Volume Allocation (SVA) for reporting Non Half Hourly (NHH) Export energy. The VAMG considered this issue as part of the Assessment Procedure, and section 4.3 of this document describes their proposals in more detail.

4.3 Implementation Issues

The consultation document (reference 4) details the implementation method agreed by the VAMG in more detail, but a summary of the issues is given below.

4.3.1 Profiling Method

The VAMG discussed several Profiling options during the Definition procedure and agreed that the preferred option at that stage was to implement new Generation Profiles. In the first part of the Assessment Procedure the VAMG defined the Profiling method in more detail and issued a requirements specification (reference 3) for impact assessment.

The VAMG agreed that although the Generation profile option was technically the best solution it would be extremely difficult to implement and therefore suggested that a chunked profile method using Standard Settlement Configurations (SSCs) and switching times determined from Generation data would be a simpler and more cost effective method that would not introduce significant errors into the Settlement process. The impact assessment responses indicated that the SSC option had the least impact on BSC Party systems and processes, and while the number of installed units remains low, the inaccuracies of this method can be tolerated. It was also agreed by the VAMG that the benefits of the other methods did not merit the additional cost over and above the chunked profiling method.

Following the high level impact assessment the VAMG agreed on the detail specification of the Profiling method and this was detailed in the consultation document. A description and the key features of the method to be used are given below.

- No new Profile Classes would be created for Export metering systems i.e. Export meter readings would be settled on the existing demand Profiles.

- In order to increase the accuracy of the profiling, and avoid 'smearing' Export meter readings over the whole day, use would be made of the existing functionality for 'chunking' Profiles, based on the switching times of an SSC.

The VAMG identified two possible variants on this basic approach, differing on whether or not multi-rate metering was installed:

- In the first variant, multi-rate metering would not be used i.e. there would only be a single Export register and a single Import register. In this case, the meter readings would not provide any information on which times of the day Import and Export occurred. However, new SSCs would be created to allocate the Export energy into the appropriate part of the day. For example, if existing research showed that a particular micro-generation technology typically exported onto the distribution system between 10:00 and 15:00 in Summer, and 12:00 and 14:00 during the rest of the year, an SSC would be set up with these switching times.
- In the second variant, multi-rate metering would be used to obtain actual metered data for different parts of the day. At its simplest, the Export could be measured using two registers, one corresponding to those parts of the day in which Export is regarded as likely to occur, and one corresponding to those parts of the day in which Export is regarded as unlikely to occur. The difference between this and the first variant is that any Export falling outside the period in which Export is predicted to occur would be smeared over the remainder of the day, rather than being forced into the predicted hours. If required, inaccuracies could be further reduced by defining additional Export registers to further sub-divide the day. In all cases (as for any multi-rate meter), the switching times programmed into the meter would need to match the defined switching times for the SSC.

The VAMG agreed that the second of these variants is potentially more accurate than the first, but that both should be considered together, and the changes to systems and processes should be such that the customer / Supplier could chose which option they wished to be settled on.

Regardless of which variant a Supplier chooses, this method of profiling requires appropriate Import and Export SSCs to be defined for each micro-generation technology[2], combination of technologies and tariff. The BSC Procedure for Changes to MDD (BSCP509) specifies that new SSCs are proposed by Suppliers, and approved by the Panel[3]. Given the key role of these new Import and Export SSC in ensuring the accuracy of settlement, it is anticipated that the Panel (or SVG) would take a more pro-active role in the process, helping to define the switching times for each SSC on the basis of available data on the typical generation Profile for each technology. The SSC will be defined initially by the Profile Administrator from available data, and then modified over time when more accurate data is available.

The SSCs developed for use with NHH Import and Export metering systems are data changes only and do not require any modifications to the MDD system or data flows. However, in order to assist market participant systems in distinguishing these SSC, a new data item would be added to the SSC data in MDD to distinguish between Import and Export SSC as described in section 4.3.4, this would require changes to MDD and data flows.

The VAMG agreed that once the appropriate SSC had been defined, profiling of Export meter readings would take place as follows:

- The Import and the Export MPAN for the premise would be settled separately but using the existing demand Profile Class of the premise.

[2] As a minimum, each micro-generation technology would require a single-register Import SSC and a single-register Export SSC. Additional multi-register Import and Export SSC could also be required for those Suppliers who chose variant 2.

[3] The Panel has delegated authority for approving SSC to the SVG.

- The Supplier would be obliged to register the Export MPAN to an appropriate Export SSC, and the Import MPAN to an appropriate Import SSC.
- Having defined the Export and Import SSCs, the SVAA system would automatically calculate 'chunked' Profiles for the Export and Import MPAN. These 'chunked' Profiles would then be applied to the aggregated Export and Import meter readings received from Data Aggregators, with the result that:

  i) The main Import reading would be applied to the "Import" periods of the day and the additional Import (if using a multi-rate meter) or zeros (if using a single rate meter) would be applied to the "Export" periods of the day.

  ii) Similarly the main Export reading would be applied to the "Export" periods of the day and the additional Export (if using a multi-rate meter) or zeros (if using a single rate meter) would be applied to the "Import" periods of the day.

It should be noted that the Import and Export switching times do not need to be the same time but could be staggered to allow greater accuracy in periods where a premise could be both importing and exporting.

4.3.2 Handling of NHH Export Meter Readings

The VAMG agreed that the meter readings that NHH Data Collectors (NHHDC) would be required to collect from Export Metering Systems should be treated as positive values in NHHDC and NHH Data Aggregator (NHHDA) systems. The reasoning for this was to reduce the impact on NHHDC and NHHDA systems and processes, to reduce the risk of errors entering the Settlement process and to keep the changes in line with current half hourly practices.

In considering the impact assessment responses, the VAMG concluded that is not necessary for the NHHDC or NHHDA to identify NHH Imports and Exports, although it is necessary for SVAA. Therefore an Import/Export flag will be added to the SSCs to identify if readings are Import or Export and that all reading should be treated as positive values. The details of the specific MDD changes are detailed in section 4.3.4.

4.3.3 Additional Consumption Component Classes

The VAMG agreed that in order to allow SVAA to provide explicit reporting of the total volume of Export energy it is necessary to implement four additional CCCs for NHH Exports. This also provides consistency with the HH market, where HH Export energy is assigned to specific Export CCCs. The following table shows the additional NHH CCCs that would be added:

CCC Id	Measurement Quantity	Metered / Unmetered	Consumption / Losses	AA / EAC
32	AE	M	C	E
33	AE	M	C	A
34	AE	M	L	E
35	AE	M	L	A

The SVAA system would then assign each aggregated NHH meter reading to either an Import CCC or Export CCC depending on the SSC.

The impact assessment responses from Logica indicated that there would be no changes required to EAC/AA or NHHDA software to add additional CCC, although changes would be required to SVAA software and processes.

4.3.4 Changes to Market Domain Data

The method of identifying Import and Export SSCs discussed and agreed by the VAMG is to have an additional field in MDD. The field will be added to MDD as a data item in the D269, D270 and D0278 so that each SSC has an associated Import or Export flag. This will require new versions of the D269, D270 and D0278 to be published. Once implemented all current SSCs will be marked as Import and any new ones will be defined as either Import or Export when they are created.

By publishing this data in the MDD flows it will enable Meter Operators, Suppliers and any other participant who requires the information to always have the data available in their systems. The VAMG discussed the possibility of using a work around rather than an automated process and agreed that although this may seem simpler it would not be desirable, as it would not ensure that all agents had the data available each time it changed.

The VAMG also noted some consultation and impact assessment responses that noted an alternative way of implementing the change would be to assign a certain range of SSC Identifiers to be Export and a different rage to be Import. The VAMG agreed that although this change would not require a change to the data flows it would involve changes to systems and was not seen to be a particularity robust solution as participants would be using relying on one data item to give them two pieces of information.

It should be noted that the changes to the Data Transfer Catalogue and data flows will need to be assessed under the Master Registration Agreement (MRA) and agreed by the MRA Development Board before either the Modification Proposal or the Alternative Modification Proposal can be implemented. ELEXON are to raise an MDD change proposal to progress this in conjunction with the Modification process. The earliest that the change proposal will be reviewed by the MRA Development Board will be November which would mean that the change would probably not be incorporated in the MRA until June 2003 at the earliest.

4.3.5 Treatment of NHH Estimated Export Consumption Component Classes

The majority of VAMG agreed that the treatment of estimated Export readings should be consistent between the HH market and the NHH market. At their meeting of 1 October 2002 the VAMG agreed that as estimated readings are treated as “zeros” until an actual reading is received in the Half Hourly market, similar rules should apply in the Non Half Hourly market. In order to do this it was agreed that the actual EAC’s for Export meter readings should be processed by the NHHDC and the NHHDA in the normal manner and it would be within the SVAA processed that the relevant CCC were excluded from Settlement calculations.

However, following this meeting the VAMG were made aware of changes that are being progressed in the HH market that will change the rules for estimation of Export meter readings, therefore the majority of the VAMG agreed that Export EACs should be treated in the same way as Import EACs are treated, and processed in the Settlement calculations. The cost of implementing the changes necessary to exclude the relevant CCC from the Settlement calculations in the SVAA system was also received after the meeting and indicated that this would cost between £15,000 and £35,000 on top of the original development costs, depending on the number of reports that have to be changed.

4.4 Assessment Against the Applicable BSC Objectives

The majority of the VAMG members agreed with the majority of the consultation responses, that the Proposed Modification better facilitates competition in the supply and generation of electricity. However it was also noted that some members of the VAMG and consultation responses that allowing customers to move towards having Exports settled in the NHH Market went against the principles of the SVA

arrangements. The reason for this is that it would not encourage customers to move back to the HH market once the HH metering solutions became viable for micro-generation.

It was also noted that an alternative solution would be to install HH Metering Equipment that is treated under the Metering Outside of Settlement Timescales (M.O.S.T.) framework. This will allow data to be collected and enter settlements up to 14 months in arrears and will provide a source of half hourly data which could be used to determine Export Profiles for the specific micro-generation technologies and then consider if it is appropriate to allow Export energy to be settled on a NHH Profile.

4.5 Alternative Modification

The VAMG discussed possible alternatives to 'domestic premises' as defined in P81 and the majority agreed that a capacity based alternative would better facilitate competition of Supply over the Proposed Modification, as it would limit the size of the Export energy that could be treated as NHH and would therefore reduce the amount of error that could be introduced into the settlement process. It was also noted that expanding the type of premises that the Modification could be applied to would better facilitate competition and encourage growth of the migro-generation technologies.

The VAMG agreed that the Alternative Modification would only apply to a premise where the total generation is no more than 16 Amps per phase on a low voltage single or mulit phase supply. This is to maintain consistency with the Distribution Code Review Panel, which is currently developing a capacity banding for small generators connecting to distribution networks. This banding will be set to 16 Amps per phase, which is approximately 4 kW for a single phase supply and 12 kW for a 3-phase supply.

The consultation responses indicated that the majority of market participants agreed with the VAMG view that the Alternative Modification Proposal better facilitated the achievement of the applicable BSC Objective over the Proposed Modification and therefore the VAMG recommend that the Alternative Modification should be approved and the original Modification should be rejected.

5 IMPACT ON BSC AND BSCCO DOCUMENTATION

5.1 The Balancing and Settlement Code

P81 requires changes to sections L, X and X-2 of the Code. The changes to the legal text of the Code in the following sections are based on version 2.0 of Section L, version 9.0 of Section X-1 and version 9.0 of Section X-2. If the baseline of the Code changes prior to implementation of P81, or if other Modification Proposals are to be implemented at the same time as P81, the legal text may need to be amended.

A summary of the changes is given below for both the Modification Proposal and the Alternative Modification Proposal, and a detailed red lined version of the Legal text is included in Annex 5. In summary:

5.1.1 Proposed Modification

Section L — Paragraph 2.2.1 (c) will be updated to exclude domestic premises from the need to have Half Hourly Metering Equipment installed.

Section X-1 — A definition for 'domestic premises' will be added to the definitions table.

Section X-2 — Table 8 will be updated to include the new CCC for Non Half Hourly Export

5.1.2 Proposed Modification

Section L Paragraph 2.2.1 (c) will be updated to exclude premises where the total onsite Third Party generating capacity is less than 16A per phase(for low voltage single or multi-phase supplies) from the need to have Half Hourly Metering Equipment installed.

Section X-1 A definition for 'small scale Third Party Generating Plant premises' will be added to the definitions table.

Section X-2 Table 8 will be updated to include the new CCC for Non Half Hourly Export

5.2 Code Subsidiary Documents and BSCCo Memorandum and Articles of Association

An impact assessment of the Code Subsidiary documents and BSCCo Memorandum and Articles of Association indicated that the following documents would be affected by both the Modification Proposal and the Alternative Modification Proposal.

5.2.1 Balancing and Settlement Code Procedures (BSCPs)

Document	Name	Changes needed
BSCP504	NHHDC for Metering systems registered in SMRS	The obligation for a Supplier to register Import and Export as Separate MPANs with the correct SSC would need to be added to the document.
BSCP516	Allocation of Profiles and SSCs for NHH Metering Systems Registered in SMRS	The rules for allocation of SSCs will need to be refined.
BSCP509	Changes to Market Domain Data	Changes to the forms may be necessary if a new data item is added to the SSC information to flag if the SSC is used for Import or Exoport.

5.2.2 Party Service Lines (PSLs)

Document	Name	Changes needed
PSL120	Non Half Hourly Data Collection	The requirement for collecting and processing NHH Export readings will need to be added to the document.

5.2.3 Other documents

Document	Name	Changes needed
	SVA Data Catalogue volume 1	The structures of the D0269, D0270 and D0278 will need to be updated
	SVA Data Catalogue volume 2	An additional data item will need to be added to indicate if an SSC is used for Import or Export energy.

6 IMPACT ON BSC AGENTS AND SYSTEMS

The BSC Systems and the BSC Agent processes have been assessed and the systems impacted are detailed below. Full details of the HLIA and DLIA carried out by the BSC Agents and by the Systems developer can be found in Annex 1.

6.1 Supplier Volume Allocation Systems

The HLIA carried out by Logica indicated the effort that would be needed to update the EAC/AA software, NHHDA software and the SVAA software for all the different options being considered by the VAMG (see reference 3 for further details of the options). From this response the VAMG noted that the SVAA software would need to have an indicator attached to the SSC to indicate if the consumption figures should be treated as Import or as Export values when carrying out aggregation to CCC level.

The VAMG used this information to reach a decision on the final implementation method detailed in the Consultation Document (reference 4), which was used for the DLIA.

The DLIA indicated that there would be no difference in the development and implementation of the Modification Proposal or the Alternative Modification Proposal. The implementation would take approximately 13 weeks and cost approximately £73,000. This estimate did not include the cost and time for testing the software by the software users or by ELEXON. This additional acceptance testing is estimated to take the implementation time to 6 months.

The DLIA also indicated that no changes to the current EAC/AA software would be needed. Changes would however be needed to the NHHDA software if the current version 1 of the D0269 were to be removed. No further changes were identified. The VAMG requested that clarification be sought from Logica as to the costs and timescales associated with upgrading from version 1 of the D0269 to the proposed version 3.

The DLIA of the SVAA software indicated that SSC information is loaded from the D0278 flow and not from the D0269. Therefore if the process of uploading the SSC information with the additional Import / Export flag were to be implemented the D0278 would also need to be update. The VAMG agreed that further clarification of the cost and timescales associated with this change would be sought.

The VAMG also noted that the DLIA indicated that changes to the core functionality of the SVAA software would be needed to change the calculations to take account of NHH Export values in the settlement calculations, it was noted that Logica see this as a high risk activity.

A further impact assessment was sought to clarify the charges and costs associated with the changes need to treat NHH EAC CCC as zero for the purposes of settlement calculations. The VAMG that this would mean that some but not all of the reports produced by the SVAA system would need to be changed however it was not possible in the time available to determine exactly which ones would be affected.

The results of the final impact assessment indicated that if the NHHDA software were to be updated to load the new version of the D0269 some changes would be necessary. The impact assessment indicated that it would cost an additional £34 000 to load the new flow and store the SSC flag. However loading the Import / Export flag is not necessary in order to meet the requirements of the VAMG and therefore the changes are not anticipated to cost as much as quoted as they are likely to be data changes rather than software changes.

The final impact assessment of the changes needed to the SVAA software to incorporate the changes needed to treat Export EACs as zeros and to load the SSC information from the D0278 data flow indicated that the cost would be between £88,000 and £108,600 rather than the original £73,000. The VAMG agreed that it was not necessary to treat Export EACs as zeros but that it would be necessary to load the SSC flag from the D0278. Logica indicated that the cost for doing this would be between the original £73,000 and the £88,000 given for changing one report for treating EACs as zeros.

6.2 Supplier Volume Allocation Agent and MDD Agent

The DLIA provided details of the final costs and changes that would be necessary to the SVAA processes, MDD software and additional SVAA software. The costs were identified as approximately £20,000 with an implementation timescale of 3 months. This included changes to the MDD application, ISRA software, Pool application and the logging and performance monitoring software.

The VAMG noted the assumptions made within the response and noted that it is the MRA Development Board's decision as the whether the current DTC flows should be removed and that the VAMG view was that it was preferable to keep the current flows and have an additional version, version 3.

6.3 Profile Administrator

The Profile Administrator indicated that there would be no change to their current systems and processes if either the Proposed Modification or the Alternative Modification were made.

The VAMG agree that the creation of new SSC would need to be carried out by the Profile Administrator as a one off task. The SSC and the switching times associated with them would need to be presented to the Panel (or Panel sub committee as this task is currently delegated to the Supplier Volume Allocation Group (SVG)) with sufficient back-up information as to allow the Panel to be confident that the switching times proposed were as accurate as is currently possible to predict.

The Profile Administrator noted that this process would take 40 days and cost £30,000 for the Proposed Modification and 57 days and £40,000 for the Alternative Modification. The different in cost and timescales is due to the increased modelling that will be needed for the additional profile types as the Alternative Modification is not limited to customers on a domestic Profile Class.

The VAMG also noted the need for continued load research to ensure that the switching times and SSC were as accurate as possible and would be updated once data became available. The Profile Administrator response to the DLIA did not indicate a cost for this service. It was also noted that it would potentially be possible to obtain the data necessary to carry out the analysis from the DTI and British Electricity Metering Association (BEMA) trial that are currently being planned. ELEXON agreed that it will endeavour to obtain this data and pass it on to the Profile Administrator for analysis that would be covered as part of the standard Profile Administration contract.

7 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

The core industry documents and other relevant documents have all been assessed and the details of the impact (if any) is given below.

7.1 Master Registration Agreement (MRA)

The preferred implementation method for both the Proposed Modification and the Alternative Modification includes a change to the Data Transfer Catalogue and will therefore require a change to the MRA.

A change proposal will be raised by ELEXON to progress the changes needed to the D0269, D0270 and D0278

It is proposed that an additional field is added to the Standard Settlement Configuration Details (SCI) row of the flows, that will indicate if an SSC should be used for Import or Export Metering Systems. This will also mean that an additional data item will need to be added to the catalogue.

The VAMG were concerned with the impact and cost that will be incurred by some market participants if version 1 or version 2 of the D0269 or D0270 were to be removed and therefore propose that a third version of the flows be created. A change proposal will be raised and presented to the MRA Development Board at their November meeting. A further change proposal will be raised to remove version 1 of the D0269, D0270 and D0278 flows.

8 IMPACT ON ELEXON

An impact assessment has been carried out by ELEXON and has found no impact on internal systems and processes.

9 IMPACT ON PARTIES AND PARTY AGENTS

During the Assessment Procedure for P81 a HLIA and a DLIA were issued to BSC Parties. The HLIA was issued with the P81 Requirements Specification (reference 3) on 9 August 2002 with responses due by 21 August 2002. Fourteen responses were received however one of these was not considered as it was received after the VAMG meeting 22 August 2002.

The responses to the HLIA were then used by the VAMG to agree on the implementation method to be used and to enable BSC Parties and Agents to complete a DLIA. The DLIA was issued on 13 September 2002 with the consultation document (reference 4) and responses were due by 26 September 2002. A total of 10 responses were received and these were discussed at the VAMG meeting on 1 October 2002.

Full details of the responses received to both the HLIA and DLIA can be found in Annex 2.

The VAMG discussed the responses to the DLIA at their meeting on 2 October 2002 and noted that the longest implementation timescale for both the Modification Proposal and the Alternative Modification Proposal was 8 months and that the majority of BSC Parties indicated 6 months development time was required.

The VAMG also noted that one Party had a concern over the mechanisms considered necessary to ensure the Supplier is aware of the installation of a micro-generation plant. The VAMG noted that a Supplier did not necessarily need to know that a plant had been installed it was only necessary if the customer wished to be paid for the Export energy and therefore the Supplier would need to register the Export Metering System. It was believed that in this case the customer would contact the Supplier and initiate the registration of the Metering System.

10 SUMMARY OF CONSULTATION RESPONSES

A consultation questionnaire seeking BSC Party and other interested industry participants opinions on whether or not the Proposed Modification and / or the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and other implementation were issues discussed at the VAMG meeting of 25 August 2002. The consultation was issued on 13 September 2002, with a deadline for receipt of responses of 26 September 2002.

The questions asked during the consultation were:

1. Do you believe that the Modification Proposal P81 better facilitates achievement of the Applicable BSC Objectives, if so, which one(s) and why?
2. Do you believe that the Alternative Modification Proposal as detailed in the consultation document better facilitates achievement of the Applicable BSC Objectives, if so, which one(s) and why?

3. Do you agree with the VAMG view that the Alternative Modification should be recommended for approval and that the original Modification Proposal should be rejected (i.e. that the Alternative is better at facilitating the BSC Objectives than the original Modification Proposal)?
4. Do you agree with the VAMG view that it is necessary to implement new NHH CCCs as described in this document? If not, why?
5. Do you agree with the VAMG view that NHH Export readings should be treated as positive numbers? If not, why?
6. Do you agree with the VAMG view that a new flag is required to mark SSCs as Import or Export and in doing so that a change to the D0269/D0270 is required? Why? If not, why?
7. Are there any further requirements on market participants that you believe have not been identified? If so please state.
8. Do you have any further comments on P81 that you wish to make?

Eleven responses, representing a total of 57 BSC Parties and one non-BSC Party, were received. The responses are attached as part of Annex 3 of this report and are summarised below.

Q	No		Yes		No response indicated	
	Responses	BSC Parties (Non BSC Parties)	Responses	BSC Parties (Non BSC Parties)	Responses	BSC Parties (Non BSC Parties)
1	2	5	**8**	**50 (1)**	1	2
2	1	4	**9**	**51 (1)**	1	2
3	1	4	**9**	**51 (1)**	1	2
4	0	0	**9**	**54 (1)**	1	2
5	0	0	**9**	**54 (1)**	1	2
6	2	2	**6**	**52**	2	2 (1)

The majority of respondents agreed that both the Proposed Modification and the Alternative Modification Proposal would better facilitate achievement of the Applicable BSC Objectives, but that the Alternative Modification Proposal would facilitates competition more than the Proposed Modification.

The response that did not support the view of the VAMG, that P81 better facilitates BSC Objective (c), stated that the Modification itself did not have a capacity limit and therefore there would be no limit on the potential error that could enter settlements but that the Alternative Modification would address this issue. The response also noted that there could be an issue with the policing of premises that fall within the scope of the Alternative Modification. The VAMG agreed that although this was an issue there is an obligation on Suppliers to ensure that an Metering System is registered with the correct Profile class and SSC in accordance with the BSCPs. Additionally it was noted that Engineering Recommendation G83 ensures that any customer that connects equipment to the Distribution Network informs the Distribution Business.

A concern was also raised that both the Modification Proposal and the Alternative Modification would introduce errors into the Settlement process and that some monitoring of the economic efficiency of the market was needed so that a new Modification Proposal could be raised when necessary. A member of the VAMG noted that the principle of the Supplier Volume Allocation market was to move towards a half hourly based market. If P81 were to be introduced it would not encourage customers to install half hourly metering and would not incentivise them to move back to the Half Hourly market once they had entered the Non Half Hourly Export market.

The VAMG also recognised that the use of existing demand profiles is appropriate as a short term measure where the expected population of micro-generators is small. However the VAMG recognised that if the number of micro-generators grew significantly a different solution many need to be found and new Export Profiles may need to be developed. The VAMG agreed that the P81 Alternative

Modification was not the ideal solution to the problem however it would facilitate competition and allow the market to grow. Only at that point would it be possible to identify an enduring solution to the defect.

11 PROJECT BRIEF

11.1 Proposed Modification

The implementation timescales required for the Proposed Modification have been given by both BSC Agents and BSC Parties and are given below:

Name	Implementation Timescale	Cost
SVAA / MDD Agent	3 months	approx. £20,000
SVAA Software development	6 months This includes the time needed for ELEXON and SVAA / MDD Agent testing	approx. £88,000[4] This does not include the cost associated with ELEXON and SVAA / MDD Agent testing
Profile Administrator	40 working days The development work could only be started after 2 December 2002.	approx. £30,000
BSC Parties	8 months	N / A

This would therefore mean that the minimum timescale for implementation would be 8 months based on these estimates, however this work will need to be co-ordinated with other developments to the SVAA software system. The SVAA software is currently being updated for P62, which will be implemented in August 2003, and following that will have an Oracle upgrade that must be completed before the end of 2003. As P81 requires complex changes to the SVAA core functionality ELEXON would not recommend that the development takes place at the same time as other core changes therefore the initial implementation date will be 20 January 2004 if a decision is received from the Authority prior to 1 April 2003.

The VAMG noted that these timescales were longer than expected and expressed a view that it may be possible to implement the Proposed Modification or the Alternative Modification without the need to have the software changes in place, as long as the software was in place before the final reconciliation run. The VAMG are currently investigating a possible workaround in order to reduce the implementation date.

11.2 Alternative Modification

The changes required for the Alternative Modification are similar to those needed for the Proposed Modification. The only difference that has been highlighted is the difference in the cost for the Profile Administrator, which will be increased from £30,000 and 40 days to £40,000 and 57 days.

The implementation date will therefore be the same as for the Proposed Modification, detailed above.

[4] This cost is the cost given by Logica for the changes needed to exclude EAC Export CCC from the SAA report as well as load the SSC flag from the D0278. The requirement is only to load the D0278 and therefore this cost is expected to be reduced.