

**Responses from P216 High Level Principles**

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	SmartestEnergy Ltd	P216_HLP_01	1	0
2.	TMA	P216_HLP_02	0	4
3.	Central Networks	P216_HLP_03	2	4
4.	Scottish and Southern Energy plc	P216_HLP_04	8	0
5.	WPD (S Wales) and WPD (S West)	P216_HLP_05	0	2
6.	Npower limited	P216_HLP_06	10	2
7.	British Energy	P216_HLP_08	5	0
8.	Scottish Power	P216_HLP_09	6	0
9.	Electricity North West Limited	P216_HLP_10	1	0

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	<i>Please ensure that the name provided is the same as the name given on the P216 Consultation Proforma.</i>
<b>Confidentiality</b>	<i>Is any information in your response confidential? Please clearly state which information is confidential.</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	voltage level would be simplest to implement
	3. Should HV sites be required to have site specific LLFs?	No – it is important that, coupled with the principle of same LLF for import and export, embedded generation connected at HV is able to receive its full embedded benefit. This is consistent with Ofgem’s recent consultation document entitled “Distributed Energy – Initial Proposals for More Flexible Market and Licensing Arrangements” Ref 295/07

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Disagree – HV should be included in this category, since theft at HV is not a realistic possibility.
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Disagree – it would be more appropriate for this to be applied to LV only
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes – see Q3
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	It can't
7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at	12. Do you agree/disagree with this principle?	Agree

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

least 1 generic EHV LLFC Group.	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	
	14. Are different LLFC Groups needed for Import and Export?	This can be justified only if the voltage levels are different and even then it is undesirable.
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree – it is important that there is a minimum level of granularity to ensure that a calculation is being made and arbitrary default flat values are not used.
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Disagree slightly – the data run types should, if possible, be consistent across DNOs. If the date on which the calculation is made is the same for all DNOs this should not be a problem.
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	No We would suggest including R3 for the periods where this is available.
	18. Should this be the same date range every year? Please provide rationale.	Not necessarily Rationale: That could be up to PAB
10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree
11. Robust error detection and correction processes shall be in place throughout the	20. Do you agree/disagree with this	Agree

calculation of LLFs.	principle?	
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree –
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every year is preferable
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	26. Do you agree/disagree with this principle?	Agree
	27. Do you believe that changes to LLFs for existing sites should be allowed?	No – it is important that, as far as possible, LLFs do not change so that suppliers can quote fixed prices to customers
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	None
15. No retrospective changes shall be made to	29. Do you agree/disagree with this principle?	Agree

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes
	31. Do you believe that any additional principles should be added?	No
	32. Do you have any further comments on the principles as a whole?	No

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

This completed document should be submitted with your P216 Assessment Procedure Consultation Profoma. Please send your responses by **5pm on Tuesday 15 January 2008** to [modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk) and please entitle your email '**P216 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group. Any queries on the content of the consultation proforma should be addressed to Ysanne Hills on 0207 380 4162, email address [ysanne.hills@elexon.co.uk](mailto:ysanne.hills@elexon.co.uk).

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	TMA
<b>Confidentiality</b>	<i>Is any information in your response confidential? No</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	Voltage level on the basis that its seems least elaborate
	3. Should HV sites be required to have site specific LLFs?	No  Rationale: The Import and Export should be the same, not, as currently, where the Import can be generic and the Export specific – so the best way of achieving that seems to be all generic, hence “No” to site specific.

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No Rationale: We suppose the significance could be arguable but would take the view that if it is considered other than minor that this should not be the case
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Disagree – in as much that it would seem logical that HV and site specific should only be technical losses only
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Disagree – as with question 6 above, it would seem appropriate to attribute all non technical losses to LV only.
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes Rationale: So that there are not LLFs that prejudice Embedded generation
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	It is not justifiable



7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	N/A Rationale:
	14. Are different LLFC Groups needed for Import and Export?	No
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree; the important thing is that the date for the calculation should be the same for all DNOs.
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes, but it could be R2 or R3, which ever latest run is available  Rationale: the later the run the more correct the data should be, but it should be practical – i.e. the best available
	18. Should this be the same date range every year? Please provide rationale.	Yes  Rationale: That could be the default position, but PAB could retain discretion
10. Changes to the LLF calculation, to take into	19. Do you agree/disagree with this	Agree

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	principle?	
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	N/A
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every year Rationale: it is likely to be more accurate if more up to date
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	N/A
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year.	26. Do you agree/disagree with this principle?	Agree

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	27. Do you believe that changes to LLFs for existing sites should be allowed?	No Rationale: We doubt changing LLFs could be managed by Suppliers
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	It should not be permitted
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes Rationale:
	31. Do you believe that any additional principles should be added?	No Principle:
	32. Do you have any further comments on the principles as a whole?	No

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<b>Company Name</b>	<i>Central Networks</i>
<b>Confidentiality</b>	<i>No</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	Voltage level (but exception should be made for very large HV connections where the LDSO and customer agree the site specific LLFs are appropriate)
	3. Should HV sites be required to have site specific LLFs?	Yes (in exceptional cases)  Rationale: Some HV sites have very large capacity connections (tens of MW) and can be larger than many EHV connected sites. It is therefore difficult to justify site specific LLFs for EHV only.

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No Rationale: Three decimal places provide appropriate accuracy
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes Rationale: currently it would be very difficult to differentiate import and export losses at the same voltage in the generic LLF context. It is possible that this could change in future if the amount of embedded generation connected at HV and LV grows significantly.
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	

7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	No Rationale: We use the same generic LV and HV LLFs for all connections (import and export), except for extremely large HV which may be site-specific.
	14. Are different LLFC Groups needed for Import and Export?	No Rationale: Central Networks currently treats export as negative import at HV and LV and they share the same LLFs. It is possible that this could change in future if the amount of embedded generation connected at HV and LV grows significantly.
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes Rationale: Need to balance accuracy with timeliness
	18. Should this be the same date range every year? Please provide rationale.	Yes Rationale: Consistency

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Disagree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	Several weeks work - perhaps £20,000
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every two years Rationale: Annual re-calculation is likely to lead to spurious fluctuation in LLFs that will be unhelpful to the market
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree Cost is around £2,000 per site (a few days work for a specialist consultant)
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year.	26. Do you agree/disagree with this principle?	Disagree

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	27. Do you believe that changes to LLFs for existing sites should be allowed?	Yes  Rationale: It would be wrong to delay recognition of material changes to LLFs (where there have been significant changes to the network for example).
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	It may be appropriate to change site-specific LLFs at any time (see above)
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes  Rationale:
	31. Do you believe that any additional principles should be added?	No  Principle:
	32. Do you have any further comments on the principles as a whole?	No

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<b>Company Name</b>	Scottish and Southern Energy plc.
<b>Confidentiality</b>	No.

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree in principle but site-specific method should be limited to the following; a. As suggested and b. EHV connected at 132kV or 66kV
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	voltage level is more appropriate and practicable.
	3. Should HV sites be required to have site specific LLFs?	No Rationale: Several thousand customers would be involved resulting in significantly increased administration and cost.

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No Rationale: Consistency between SVA & CVA.
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes Rationale: At HV and LV the use of the same generic LLFCs would simplify matters but it is possible to produce different generic LLFCs for import and export.see item 11.
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	If export is modelled to supply local demand and hence potentially reduce local losses then separate generic import and export LLFs can be produced to simulate this scenario.

7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	No Rationale:
	14. Are different LLFC Groups needed for Import and Export?	Yes Rationale: To reflect the different electrical powerflow characteristics associated with Export and Import.
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	R2 is acceptable. Rationale: Settlements data quality at this level for GSPG changes little from R2 to R3. Furthermore, a complete set of R3 data for the previous year will not be available until November of the current year.
	18. Should this be the same date range every year? Please provide rationale.	t-1 or t-2 acceptable as appropriate Rationale: Maintain consistency
10. Changes to the LLF calculation, to take into	19. Do you agree/disagree with this	Annual or 2 yearly review but not within year.

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account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	principle?	
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree in principle. These are already in place as part of existing processes.
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	In the region of 4 weeks in year. Likely to be in order of £10,000.
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every 2 years Rationale: Process timetable makes 2 years more sensible.
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	In the order of 6-8 weeks at a cost of around £20,000 p.a.
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be	26. Do you agree/disagree with this principle?	Agree in principle.  However, if the error is significantly material then under such circumstances the LLFs perhaps should be applied retrospectively back to 1 April providing there are no implementation issues

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	27. Do you believe that changes to LLFs for existing sites should be allowed?	Yes, for site-specific where there is a material network change. Rationale: reflecting significant network changes
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	See above 27.
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree, provided it is material.
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes Rationale: To ensure robustness in calculation
	31. Do you believe that any additional principles should be added?	No Principle:
	32. Do you have any further comments on the principles as a whole?	We do not believe that there is any business case for P216. Existing processes are fit for purpose.

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This completed document should be submitted with your P216 Assessment Procedure Consultation Proforma. Please send your responses by **5pm on Tuesday 15 January 2008** to [modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk) and please entitle your email '**P216 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group. Any queries on the content of the consultation proforma should be addressed to Ysanne Hills on 0207 380 4162, email address [ysanne.hills@elexon.co.uk](mailto:ysanne.hills@elexon.co.uk).

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	<i>WPD (S Wales) and WPD (S West)</i>
<b>Confidentiality</b>	<i>None</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for:  a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or  b. SVA sites that are connected at EHV <sup>1</sup> ; or  c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	A mixture of voltage level and demand provides the best criterion for identifying where site specific LLF's are appropriate.
	3. Should HV sites be required to have site specific LLFs?	<p>No There are too many HV sites to consider calculating site specific LLF's for each. Arguably this would also lead to the idea of having individual prices for each HV site.</p> <p>Rationale: There are too many HV sites to consider calculating site specific LLF's for each. Arguably this would also lead to the idea of having individual prices for each HV site.</p>

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree There may be merit in all LLF's being calculated to 4 decimal places so that for sites with low losses a grater granularity of loss percentage can be applied.
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	This is a matter for CVA connections. Rationale:
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Disagree Non-technical losses from sources such as metering or administrative errors and illegal abstraction are an overhead of running the distribution system and all users should be expected to bear a share of these losses.
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree WPD agrees that generic LLF's shall account for both technical and non-technical losses but, as noted in response to question 6 they should not bear all the non-technical losses.
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Disagree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	No Rationale: There are a number of factors that contribute to the value of line losses and hence LLFC's. There will be some circumstances in which it may be appropriate to use different LLFC's for import and export e.g. where the

		shape of the load or generator output is significantly different or where there is a cluster of generators that increases the losses on the system rather than decreasing them. From a practical point of view using the same LLFC's for import and export will generally be acceptable but this is not exclusively the case.
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	Please see the answer to Q10.
7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	No Rationale: We have more than 2 HV groups where site specific LLF's are calculated. We do not have more than 2 generic LLF groups for demand
	14. Are different LLFC Groups needed for Import and Export?	Yes Rationale: As stated above there may be a need to accommodate different LLF values
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs.	16. Do you agree/disagree with this principle?	Agree WPD agrees that a full year of settlement data should be used and that a minimum of R2 is appropriate. The use of data for a regulatory year means that the figures are subject to audit and may therefore reduce the

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).



The year of data to be used shall be determined by the PAB.		burden of a BSC Audit
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes Rationale: R2 is acceptable within the scope of the accuracy of the calculations.
	18. Should this be the same date range every year? Please provide rationale.	Yes Rationale: For the purposes of consistency it is desirable for the same date range to be used. However it does not seem necessary for this date range to be specified by the PAB.
10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	Recalculation of generic LLF's involves approximately 1 man week of effort.

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every year Rationale: Annual re-calculation will help to keep the LLF's up to date.
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree  WPD calculates site specific LLF's by reference to the load shape of the individual customer and they are therefore calculated as part of the overall process of LLF calculation. Analysis of the site specific data adds approximately 1 man week to the task. The data obtained is useful in other applications in the company.
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	26. Do you agree/disagree with this principle?	Agree This is helpful from the point of view of simplicity but may not be acceptable to an individual connectee who suffers as a result of an error.
	27. Do you believe that changes to LLFs for existing sites should be allowed?	I do not understand how this question differs from the above. It has been assumed that it will be possible to introduce new site specific LLF's during the year. Rationale:
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	See 27 above
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest	29. Do you agree/disagree with this principle?	Agree
	30. Do you agree that retrospective changes should only be allowed when correcting	Yes

errors.	material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Rationale: Retrospective changes should be kept to a minimum to improve transparency and simplicity so only material manifest errors should be taken as a reason for retrospective changes.
	31. Do you believe that any additional principles should be added?	No Principle:
	32. Do you have any further comments on the principles as a whole?	WPD believes that the principles represent an improvement on the situation as it currently exists.

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

This completed document should be submitted with your P216 Assessment Procedure Consultation Proforma. Please send your responses by **5pm on Tuesday 15 January 2008** to [modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk) and please entitle your email '**P216 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group. Any queries on the content of the consultation proforma should be addressed to Ysanne Hills on 0207 380 4162, email address [ysanne.hills@elexon.co.uk](mailto:ysanne.hills@elexon.co.uk).

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	<i>Npower limited</i>
<b>Confidentiality</b>	<i>Is any information in your response confidential? No</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree- this will capture sights that are clearly not appropriate for a generic approach
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	voltage level- this is a clearer, better defined approach
	3. Should HV sites be required to have site specific LLFs?	No  Rationale: extending from EHV to HV substantially increases the number of affected sites making the task considerably more onerous.

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree- Given that these are effectively forecasts of average LLFs, any more decimal places imply a false level of accuracy.
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No Rationale: Zeroes can be added is a system simply requires a certain number of digits. As explained above, any additional decimal places add no real value anyway.
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree- We believe that is important that a consistent approach is adopted. Arguments can be made for both the inclusion and exclusion of non-technical losses, but as it is the consistency that is paramount, it is sensible to remain nearest the current approach.
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree- This follows from Principles 3 & 4
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree- Although it is accepted that this will not be the same in all circumstances it is a reasonable simplification.
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes Rationale: Whilst there will be differences on a site by site basis, there is no clear method for separately calculating generic LLFs.
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	

7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree- Again, we believe consistency is valuable but have no strong view over the exact numbers.
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	Yes/No Rationale:
	14. Are different LLFC Groups needed for Import and Export?	Yes/No Rationale:
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree- A balance is needed between reflecting when losses occur and simplicity.
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes Rationale: If we utilise R3 or greater, data will be considerably older than ideal.
	18. Should this be the same date range every year? Please provide rationale.	No Rationale: PAB can determine on an annual basis suitable dates, including a consideration of interaction with audit timetable

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree- LLFs should ideally reflect the expectation of future losses not merely historical Settlements values
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree- Clearly necessary, but we are not convinced that this is a high-level principle simply a statement of good working practice. However, it may have a value as it can be audited against.
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree- We believe that LLFs should be reviewed every year. We would accept having thresholds that would be prevent very minor changes.
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Yes- Every year Rationale: As above
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	26. Do you agree/disagree with this principle?	Agree- gives certainty within year
	27. Do you believe that changes to LLFs for existing sites should be allowed?	Yes Rationale: LLFs need to reflect the current methodology
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes Rationale: Again, certainty within year is desirable and given these LLFs will have gone through an audit process no changes should be expected.
	31. Do you believe that any additional principles should be added?	Yes Principle: High level principles should be reviewed at least annually.
	32. Do you have any further comments on the principles as a whole?	Yes These high-level principles effectively will bring all DNOs to a common place. This should be seen as the finish point- a process is needed to allow for future enhancements to be promoted and enacted (via the DCMF is a possibility).



## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	<i>British Energy</i>
<b>Confidentiality</b>	<i>No</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Agree with a and b. For consistency across distribution areas.
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	Voltage level. For consistency across distribution areas.
	3. Should HV sites be required to have site specific LLFs?	No. For consistency across distribution areas.
2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Disagree. Additional accuracy may be material for some CVA sites.
	5. This is the current requirement for SVA	Yes

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

	but is a change for CVA. Do you consider the change for CVA significant?	<p>Rationale: CVA sites tend to be larger and there may be particular sites where the 4th (or even possibly 5th) decimal place can be determined with some confidence (eg. where losses associated with a dedicated connection are very small). Although the materiality would be small in relative terms, it could be quite large in absolute terms.</p> <p>IT issues should not be a reason to restrict accuracy unnecessarily, and little benefit is seen in restricting existing accuracy in CVA</p>
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree. As far as is practical.
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Disagree. There would be benefits for transparency and accuracy if technical losses were distinguished as far as is practical. Identifying various sources of losses better could facilitate their reduction.
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Disagree. See response to Q4 above.
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree.
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	<p>Yes. It has been suggested that generation at some locations may increase losses. Therefore it should follow that demand at such locations should decrease losses. Therefore no rationale has been presented for alternative LLF for a site that has both import and export capability. A much more complicated approach to line losses would be required to describe the impact of export/import flows at particular locations with complete accuracy.</p>

	11. How can a difference in Import and Export LLFs be justified on a generic basis?	On a generic basis, we do not believe it can.
7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree. Practical consistency across distribution areas.
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	N/A Rationale:
	14. Are different LLFC Groups needed for Import and Export?	N/A Rationale:
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree. Practical consistency across distribution areas.
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree.
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes Rationale: The principle is R2 or greater. This does not preclude a DSO choosing to use only R3 or greater.
	18. Should this be the same date range every year? Please provide rationale.	Yes Rationale: Selection of data for alternative dates may distort the LLF assigned.

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Yes/No Rationale:
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree. No mid-year changes.
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	26. Do you agree/disagree with this principle?	Yes. LLFs should only be applied prospectively. On the basis that an LLF is a forward estimate of losses on which parties take commercial decisions, and parties do not have information to predict LLF themselves, we see no rationale for revising LLFs mid-year. This principle should encourage DSOs to ensure their LLF calculations are suitably accurate
	27. Do you believe that changes to LLFs for existing sites should be allowed?	No Rationale:
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	Material manifest errors.
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree. See response to question 26.
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes Rationale:
	31. Do you believe that any additional principles should be added?	None at this time. Principle:
	32. Do you have any further comments on the principles as a whole?	None at this time.

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

Company Name	<i>SAIC Ltd. (for and on behalf of ScottishPower)</i>
Confidentiality	<i>No</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Disagree. It is unreasonable and illogical to require all SVA EHV sites to have a site-specific LAF when CVA sites have a threshold requirement. Accuracy would not necessarily be increased by this requirement and the costs for the DSO would increase significantly.
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	Voltage level and size of the site. The way the site trades its energy (CVA or SVA) should not determine the way this is calculated. The threshold of 10 MVA should apply to all EHV sites.
	3. Should HV sites be required to have site specific LLFs?	No  Rationale:  The DNO should be able to assess when a generic LLF is more appropriate, taking into account whether the sites

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

		are likely to share common characteristics.
2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	No Rationale: This should not materially impact on the accuracy of CVA, where many sites actually have LLFs of unity.
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Strongly Disagree. This principle is fundamentally flawed and jeopardises the full validity of the common principles.
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	No Rationale: The notion that import and export LAFs should be the same is incorrect. The effect of generation in the network depends on the total balance of loads and generation at each voltage level and time period, and the flow of energy for load and generation is different. In general, a small level of embedded generation on a network tends to reduce losses as the energy can be used by loads local to the generation, thus lowering the magnitude of the

		<p>currents flowing from the source busbars. However, when the level of embedded generation becomes much higher, then there may not be enough local load to take up the power and the excess power must flow back up the feeder and may increase losses.</p> <p>The analysis tool used to calculate line loss factors should be able to reflect this effect and calculate loads and generation LLFs <i>separately</i> according to the balance of flows at each relevant period. If the programmes were forced to use the same numbers we would be incurring in an unnecessary error which decreases accuracy and almost defeats the purpose of the analysis tool itself.</p> <p>The argument that the value of LLFs should be the same as this is consistent with some pricing mechanism is flawed too, as losses and pricing incentives are independent entities.</p>
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	The question should be: how can an identical import and export LLF be justified. See response to point 10.
7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at least 1 generic EHV LLFC Group.	12. Do you agree/disagree with this principle?	Agree
	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	<p>No</p> <p>Rationale:</p>
	14. Are different LLFC Groups needed for Import and Export?	<p>Yes</p> <p>Rationale:</p> <p>Since there is no reason why import and export LLFs should be the same (see response to question 10),</p>

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).



		different LLFC groups are needed.
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes Rationale: DNOs should use the most accurate data available. Ideally, this would be from a later run than R2. R3, then, would probably not allow the DNO enough time to calculate the LLFs, present them for audit, get them approved (assuming they pass the audit) and provide the obligatory 40 days notice ahead of go-live.
	18. Should this be the same date range every year? Please provide rationale.	Not necessarily Rationale: As long as 1 year worth of data is used, the actual start and end dates for the data series is irrelevant. The date range should be the same for all DSOs in a particular year but not necessarily the same year on year.
10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree
11. Robust error detection and correction processes shall be in place throughout the calculation of LLFs.	20. Do you agree/disagree with this principle?	Agree

12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	It is difficult to establish the cost with accuracy. However, for generic LLFs the process is highly automated and it takes around 3 man-days to gather the data, collate it and produce the LLFs. Additional to that, we estimate two more days for error checking and to deal with administrative requirements and validations with Elexon. This doesn't take into account all the work (mostly by external contractors) that must go into estimating the parameters for technical losses.
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every 2 years Rationale: The costs to the DSO would increase and the benefits of a more frequent refresh have not been demonstrated. SP questions whether 2 years is too often and propose a 3 years window.
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	Again, it is difficult to give a monetary value. In terms of time, we estimate two days of engineering analysis (which includes estimating the load profile. This could be much longer for new power stations but in all cases might require the processing of a large amount of data).
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year. Annual updates will have an effective from date of 1 April. Where default LLFs have been	26. Do you agree/disagree with this principle?	Disagree
	27. Do you believe that changes to LLFs for existing sites should be allowed?	Yes. Changes should be allowed retrospectively.

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.

<p>applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.</p>		<p>Rationale:</p> <p>The suggestion that inaccurate losses in previous settlement periods should simply be ignored would seem entirely at odds with the principle of Settlement and Reconciliation. We cannot see a justification for this proposal.</p> <p>If there are remaining concerns over the potential for retrospection to apply beyond the reconciliation window, then something could be added to P216 to limit this to twelve months.</p>
	<p>28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.</p>	<ul style="list-style-type: none"> <li>- When correcting material manifest errors or applying values that have been delayed / altered by the audit process.</li> <li>- When there is better network information available (i.e., technical losses data).</li> <li>- When there is enough operational data available for new sites to justify the change (in particular typical loads for new windfarms).</li> </ul>
<p>15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.</p>	<p>29. Do you agree/disagree with this principle?</p>	<p>Disagree</p>
	<p>30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.</p>	<p>No</p> <p>Rationale:</p> <ul style="list-style-type: none"> <li>- When there is better network information available (i.e., technical losses data).</li> <li>- When there is enough operational data available for new sites to justify the change (in particular typical loads for new windfarms).</li> </ul>

		If retrospective changes are not allowed, generation sites could be negatively impacted as they have less opportunities to "pass-on" costs to customers or to diversify the risks. This interferes with competition.
	31. Do you believe that any additional principles should be added?	No Principle:
	32. Do you have any further comments on the principles as a whole?	No

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This completed document should be submitted with your P216 Assessment Procedure Consultation Proforma. Please send your responses by **5pm on Tuesday 15 January 2008** to [modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk) and please entitle your email '**P216 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group. Any queries on the content of the consultation proforma should be addressed to Ysanne Hills on 0207 380 4162, email address [ysanne.hills@elexon.co.uk](mailto:ysanne.hills@elexon.co.uk).

## P216 ASSESSMENT CONSULTATION RESPONSE PROFORMA ATTACHMENT 1 – HIGH LEVEL PRINCIPLES

Please provide comments regarding the individual High Level Principles described in sections 3.1.1 and 4.2.2 of the Requirements Specification/Consultation document within this proforma.

<b>Company Name</b>	<i>Electricity North West Limited</i>
<b>Confidentiality</b>	<i>Is any information in your response confidential? Please clearly state which information is confidential.</i>

Principle	Question	Reasoning and Comments
1. All LLFs shall be calculated using a generic (non site specific) method except for: a. sites which are CVA and have a demand/generation capacity of greater than 10MW; or b. SVA sites that are connected at EHV <sup>1</sup> ; or c. where the customer has requested a site specific LLF, and the DSO is in agreement.	1. Do you agree/disagree with this principle?	Disagree It would not be cost effective to provide site specific LLF's for all CVA sites, as some Connections are at HV.
	2. Should the split be by voltage level, maximum/average demand? Please provide rationale.	<del>voltage level/maximum demand/average demand</del> (delete as appropriate) Complexity of the site should be taken into consideration
	3. Should HV sites be required to have site specific LLFs?	Yes/No We strongly oppose the use of site specific LLFs for HV sites. Any small benefit in increasing accuracy would be outweighed by the large amount of time and hence costs that would be required to achieve it.

<sup>1</sup> Where EHV is as defined in the Distribution Licence.

2. All LLFs shall be calculated to 3 decimal places.	4. Do you agree/disagree with this principle?	Agree/Disagree
	5. This is the current requirement for SVA but is a change for CVA. Do you consider the change for CVA significant?	Yes/No Rationale:
3. All site specific LLFs shall account for technical losses only.	6. Do you agree/disagree with this principle?	Agree/Disagree
4. All generic LLFs shall account for all losses (technical and non technical).	7. Do you agree/disagree with this principle?	Agree/Disagree
5. Site specific LLF values and the total GSPG losses shall be considered in the calculation of generic LLFs.	8. Do you agree/disagree with this principle?	Agree/Disagree
6. Generic LLFCs for Import and Export at the same site where the voltage level is the same shall have the same values.	9. Do you agree/disagree with this principle?	Agree/Disagree
	10. Do you agree that for generic LLFCs, Import and Export losses are the same?	Yes/No Rationale: This logic assumes that generation saves the same amount of losses incurred by a demand customer
	11. How can a difference in Import and Export LLFs be justified on a generic basis?	Taking into consideration the transportation distance and electrical feeding path of energy and whether it's a generation or demand dominated network
7. There shall be no more than 2 LV and 2 HV generic LLFC Groups <sup>2</sup> in each GSPG, and at	12. Do you agree/disagree with this principle?	Agree/Disagree

<sup>2</sup> An 'LLFC Group' means a set of LLFCs that have the same LLFs (and will be defined as part of P216).

least 1 generic EHV LLFC Group.	13. Do you (as a DSO) have more than 2 LV or HV LLFC Groups? If yes, then why do you need more than 2?	Yes/No Rationale:
	14. Are different LLFC Groups needed for Import and Export?	Yes/No Rationale:
8. As a minimum, generic LLFs shall be calculated separately for day and night.	15. Do you agree/disagree with this principle?	Agree/Disagree
9. DSOs shall utilise Settlement data from a Settlement Run at R2 or greater and from a complete previous year, for calculating LLFs. The year of data to be used shall be determined by the PAB.	16. Do you agree/disagree with this principle?	Agree/Disagree
	17. Is R2 the correct run to use? Should it be R3 or greater? Please provide rationale.	Yes/No Rationale: This could be a judgment call for stability determinable by PAB, based on accuracy level e.g. >97%
	18. Should this be the same date range every year? Please provide rationale.	Yes/No Rationale: Based on check of the available data
10. Changes to the LLF calculation, to take into account market wide issues (e.g. erroneously large EAC/AA or incorrect Energisation Status) can only be made if agreed to be appropriate through the new LLF 'audits'.	19. Do you agree/disagree with this principle?	Agree/Disagree
11. Robust error detection and correction processes shall be in place throughout the	20. Do you agree/disagree with this principle?	Agree/Disagree

calculation of LLFs.		
12. All generic LLFs shall be re-calculated [every year/every 2 years] <sup>3</sup> .	21. Do you agree/disagree with this principle?	Agree/ <del>Disagree</del>
	22. How much does it cost (in time and money) to re-calculate your generic LLFs?	20 to 30 Working Days
	23. Do you believe that this should be done every year or every 2 years? Please provide rationale.	Every year. Our Licence obligations state under SLC4A Paragraph 7 (b) that we: "shall at least once in every year make such changes (if any) as are necessary to the charging statement to ensure that the information set out in it continues to be accurate in all material aspect". The Loss Adjustment Factor table and notes are an integral part of the statement and under SLC4A Paragraph 2 (b) all DNO's must include a schedule of adjustment factors relating to their distribution losses.
13. All site specific LLFs shall be re-calculated when there has been a relevant change to the site or network, and at least every 5 years.	24. Do you agree/disagree with this principle?	Agree/ <del>Disagree</del> (every year)  15 to 20 working days  ** However if there has been a large network change (new connections etc) then system study work will need to be commissioned. This could take up to an additional 10 days.
	25. How much does it cost in time and money to re-calculate your site specific LLFs?	
14. No changes shall be made to approved LLFs for site specific or generic LLFCs mid year.	26. Do you agree/disagree with this principle?	Agree/ <del>Disagree</del>

<sup>3</sup> The Group has not yet agreed whether this should be every year or every 2 years.



Annual updates will have an effective from date of 1 April. Where default LLFs have been applied due to an audit failure, these may be updated to the approved LLFs on a prospective basis as determined from time to time by the PAB.	27. Do you believe that changes to LLFs for existing sites should be allowed?	Yes/ <del>No</del> Rationale: On active networks changes impact more than one customer, and to maintain accuracy we feel it is important to retain the ability to change LLFs at more than one point in the year. The Connection of a large generator mid year could have a significant impact on losses and it would be useful (and in line with Applicable BSC Objectives) to accurately apportion losses by potentially modifying LLFs in instances such as this.
	28. In what instances should changes be allowed? Please note that removing this principle would be an Alternative Modification.	See 27.
15. No retrospective changes shall be made to approved LLFs for site specific or generic LLFCs, other than to correct material manifest errors.	29. Do you agree/disagree with this principle?	Agree/ <del>Disagree</del>
	30. Do you agree that retrospective changes should only be allowed when correcting material manifest errors? If no, what other circumstances should they be allowed in? Please give rationale.	Yes/ <del>No</del> Rationale:
	31. Do you believe that any additional principles should be added?	<del>Yes</del> /No Principle:
	32. Do you have any further comments on the principles as a whole?	<del>Yes</del> /No

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