

INITIAL WRITTEN ASSESSMENT for Modification Proposal P130

Clarification of the Treatment of Non Half Hourly (NHH) Export Consumption within PARMS Performance Serial 1

Prepared by: ELEXON Limited¹

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Reason for issue:	Decision	Version number:	1. 0
		Issue:	Final

This document has been distributed in accordance with Section F2.1.10² of the Balancing and Settlement Code.

RECOMMENDATIONS

On the basis of the initial assessment BSCCo recommends that:

- **DETERMINE that Modification Proposal P130 should be submitted to the Report Phase in accordance with section F2.7 of the Code;**
- **AGREE the Report Phase timetable such that a draft Modification Report should be completed and submitted to the Panel for consideration at their meeting of 10 July 2003;**
- **AGREE that Modification Proposal P130 should be made; and**
- **AGREE a provisional Implementation Date for Modification Proposal P130 of 20 January 2004 if an Authority Decision is received by 1 September 2003.**

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¹ ELEXON Ltd currently fulfils the role of the Balancing and Settlement Code Company ('BSCCo'), pursuant to Annex X-1 of the Balancing and Settlement Code.

² The current version of the Balancing and Settlement Code can be found at www.elexon.co.uk/ta/bscrel_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess, the following parties/documents have been initially identified as potentially being impacted by Modification Proposal P130³, and are shown as shaded boxes.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Unlicensed Suppliers <input type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Generators <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Licence Exempt Generators <input type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Traders <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Interconnector <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Distribution System Operators <input type="checkbox"/>	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Party Agents		Core Industry Documents
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Grid Code <input type="checkbox"/>
Data Collectors <input type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
MVRNA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
BSC Agents		Data Transfer Services Agreement <input type="checkbox"/>
SAA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	Q <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
ECVAA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
CDCA <input type="checkbox"/>	S <input checked="" type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
TAA <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo Departments
Teleswitch Agent <input type="checkbox"/>	V <input type="checkbox"/>	Change Delivery <input type="checkbox"/>
SVAA <input type="checkbox"/>	W <input type="checkbox"/>	Service Delivery <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>	X <input checked="" type="checkbox"/>	Assurance <input checked="" type="checkbox"/>
Profile Administrator <input type="checkbox"/>	Y <input type="checkbox"/>	Finance <input type="checkbox"/>
Certification Agent <input type="checkbox"/>	Z <input type="checkbox"/>	Legal <input type="checkbox"/>
MIDP <input type="checkbox"/>		Stakeholder Services <input type="checkbox"/>
TFLA <input type="checkbox"/>		Other Documents
		Transmission Licence <input checked="" type="checkbox"/>
		Other Agents
		SMRA <input type="checkbox"/>
		Data Transmission Provider <input type="checkbox"/>

Estimated cost for progressing P129 through the Modification Procedures	£0,000
	10 ELEXON man days

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1 DESCRIPTION OF PROPOSED MODIFICATION

Modification Proposal P130 'Clarification of the Treatment of Non Half Hourly (NHH) Export Consumption within PARMS Performance Serial 1' (P130) was raised by TXU Sales Direct Limited on 2 June 2003 to remove a perceived ambiguity in PAMRS Serial 1. This ambiguity has emerged as a result of the approval of Alternative Modification Proposal P81 'Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises' (P81).

P81 introduces the concept of NHH Export energy. The Proposer believes that the treatment of NHH Export Consumption in PARMS Serial 1 is unclear - it is not clear whether NHH Export Consumption should be added or subtracted from the NHH Import Consumption for the purpose of determining the amount of energy settled on the basis of estimates.

The equations for the treatment of NHH Consumption in PARMS Serial 1, contained in Section 2.2.2 Annex S-1 of the Code, instruct that Consumption Component Classes (CCCs) should be 'summed':

$\sum_{N(AA)}$ means summed over all Consumption Component Classes (N) that are associated with Annualised Advances

$\sum_{N(EAC)}$ means summed over all Consumption Component Classes (N) that are associated with Estimated Annual Consumptions and are not associated with Unmetered Supplies

However, reading the entry for the basic summation term for NHH Consumption in the Technical Glossary of the Code (Annex X-2, Table X-5) suggests Export should be subtracted from Import:

$\sum_N =$ summed over all Consumption Component Classes (N) where, in such summation, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be subtracted and values associated with all other Consumption Component Classes shall be added.

The Proposer believes that this discrepancy between the two sections of the Code, and the resulting ambiguity as to how NHH Export Consumption ought to be treated, constitutes a defect in the Code.

Clarification is required to ensure that NHH Export Consumption is added to NHH Import Consumption, rather than the former being subtracted from the latter. This would maintain the accuracy of Supplier Charges.

Supplier Charges are a financial instrument designed to maintain the quality of Settlement data. One component of which is a charge on Suppliers who exceed specified limits on the proportion of NHH data submitted which may be estimated data. Addressing the ambiguity in the Code is essential to avoid undermining the incentive on Suppliers to submit accurate NHH data. Were it to remain, a perverse incentive on Suppliers not to process meter advances for Export metering systems could be created – Export Estimated Annual Consumption (EAC) values would artificially increase the percentage of energy settled on Annualised Advance, through being netted off from Import EAC values.

P130 proposes addressing this defect by clarifying that NHH Export Consumption should be added to NHH Import Consumption for the purposes of PARMS Serial 1 in order to preserve the existing incentive on Suppliers to submit as accurate data as possible into Settlement. Therefore, P130 would better facilitate achievement of the Applicable BSC Objective (c):

'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity.'

The Proposer notes that implementation of P130 would result in the different treatment of Export energy between PARMS Serial 1, which covers NHH data, and PARMS Serials 2 to 8, which cover HH data. However, this difference is justified. The rules for NHH Export Estimated Annual Consumption

EAC and Default are the same as those for NHH Import EAC and Default. Therefore the effect of both should be seen in the Provision of NHH Data - Serial 1. In the HH market, the Import and Export EACs and Defaults are treated differently and therefore the Export CCCs are excluded from the equivalent Serial.

2 INITIAL ASSESSMENT OF IMPACTS OF MODIFICATION PROPOSAL

2.1 Impact on BSC Systems and processes

An initial assessment has been undertaken in respect of all BSC Systems and processes and no impacts have been identified. The SVAA systems are already capable of processing the NHH data in the manner proposed by P130.

BSC System/Process	Potential Impact of Proposed Modification
Supplier Volume Allocation	No impact. The NHH calculations which P130 seeks to amend are implemented by the 'Pool Application'. This is a software system developed and operated by the SVAA, which provides ELEXON with various reports, including the PARMS Supplier Serial 1 extract. An assessment of the impact of P81 on the Pool Application has revealed that the logic for producing this extract file is already consistent with the P130 proposal. P130 is not therefore anticipated to have any impact on the Pool Application or other BSC Systems.

2.2 Impact on other systems and processes used by Parties

Initial assessment suggests that implementation of P130 would have minimal impact on BSC Party systems and processes. Trading Party systems and processes would need to be capable of replicating the equations specified under PARMS Serial 1. However, this impact would be expected to be minimal at most – systems would have to be capable of adding NHH Export CCCs rather than subtracting. This ought not to be significant given that NHH Import are already being added to each other.

2.3 Impact on documentation

2.3.1 Impact on Balancing and Settlement Code

An initial assessment has been undertaken in respect of all Sections of the Code and the following Sections have been identified as being impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
S: ANNEX S-1 Performance Levels and Supplier Charges	The treatment of NHH Consumption Component Classes, contained in section 2.3.3, would need to be amended to specify that Export is added to rather than subtracted from Import.
X: ANNEX X-2 Technical Glossary	The entry for the basic summation term for NHH Consumption would need to be amended to specify that Export is added to rather than subtracted from Import.

2.3.2 Impact on Code Subsidiary Documents

An initial assessment has been undertaken in respect of all Code Subsidiary Documents and the following document has been identified as potentially impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
BSCP 533 'PARMS Data Provision'	The 'Provision of Non Half Hourly Data' portion of the 'Monitoring Implementation Requirements', Appendix 4.13 of BSCP 533, would need to be amended. Under the 'Clarifications' section, the note stating that Licence Exempt Generation is excluded from the calculations would need to be removed and a note inserted to specify that Import and Export CCCs are added together, rather than Export being subtracted from Import..

2.4 Impact on Core Industry Documents

An initial assessment has been undertaken in respect of Core Industry Documents and no impacts have been identified.

2.5 Impact on other configurable items

An initial assessment has been undertaken in respect of other configurable items and no impacts have been identified.

3 IMPACT ON BSCCO

An initial assessment has been undertaken in respect of BSCCo and the following have been identified as potentially being by the Modification Proposal.

Area of Business	
Legal Department	BSCCo's Legal department would need to make the Code changes specified in Section 2.3.1 of this document.
Assurance Department	BSCCo's Assurance department would need to make the changes to BSCP533 specified in Section 2.3.2 of this document.

4 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

An initial assessment has been undertaken in respect of BSC Agent contractual arrangements and no impacts have been identified.

5 RATIONALE FOR BSCCO'S RECOMMENDATIONS TO THE PANEL

BSCCo recommends that the Panel submit P130 to the Report Phase with a provisional recommendation that it be made. Initial assessment indicates that it is self evident that achievement of Applicable BSC Objective (c) would be better facilitated by P130 - the ambiguity present in the Code serves no purpose, renders the treatment of NHH Export Consumption unclear for the purposes of PARMS Serial 1 and its removal would increase the probability that accurate charges are levied on

Suppliers for breach of data quality standards. In addition, implementation of P130 would have minimal impact confined to minor changes to the Code and a single BSCP.

BSCCo recommends that P130 is implemented on 20 January 2004, so that it coincides with the implementation of the SVAA software changes necessary to support P81 and P99 'Changes to Accreditation and the PARMS Serials and Standards, resulting from the Performance Assurance Framework (PAF) Review (Phase 1)' (P99).

Whilst the Code changes for P81 are scheduled for implementation on 28 September 2003, the SVAA software development will be implemented on 20 January 2004. Between 28 September 2003 and 20 January 2004 the SVAA software will not be able to deal with Export energy and it will be accounted for as Import energy. This will mean that the data passed from the SVAA to SAA will be incorrect for the Settlement Runs carried out on the calendar days 28 September 2003 to 20 January 2004 for Settlement Days between these two dates. However, as the energy reported will be reported as a total amount against the Import CCC between 28 September 2003 and 20 January 2004, the value that is returned in the Serial 1 calculation will be the same value pre and post implementation of this Modification Proposal, as long as it is implemented on or before the 20 January 2004.

P99 is also scheduled for implementation on 20 January 2004, and will also require changes to BSCP533. Therefore, it would appear efficient to synchronise implementation of P130 with that of P99 so that the respective changes to BSCP533 can be made effective at the same time

6 PROCESS, TIMETABLE AND COST FOR PROGRESSING THE MODIFICATION PROPOSAL

The proposed timetable for progressing P130 is as follows:

Milestone	Date
June Panel Meeting	12 June 2003
Issue Draft Modification Report for Consultation	19 June 2003
Deadline for Consultation Responses	26 June 2003
Issue Revised Draft Modification Report (incl. Consultation Responses) to Panel	4 July 2003
July Panel Meeting	10 July 2003

7 DOCUMENT CONTROL

7.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	05.06.03	Change Delivery	Chris Rowell	Change Delivery Review
0.1	05.06.03	Change Delivery	Joanne Eliis	Change Delivery Review
0.2	06.06.03	Change Delivery	Thomas Bowcutt	Internal Review

7.2 References

None.

ANNEX 1 MODIFICATION PROPOSAL

Modification Proposal
<p>Title of Modification Proposal <i>(mandatory by proposer):</i> Clarification of the treatment of Non Half Hourly Export Consumption within PARMS performance Serial 1</p>
<p>Submission Date <i>(mandatory by proposer):</i> 2 June 2003</p>
<p>Description of Proposed Modification <i>(mandatory by proposer):</i> Amend the equations used in Provision of Non Half Hourly Data – Serial 1 in Annex S-1 of the Code, to ensure that the totals used in the calculation equate to the absolute sum of the Import and Export Consumption Component Class (CCC) values. Note that after implementation of P99 on 20 January 2004 Serial 1 will be renamed as “Energy and Metering Systems on Annual Advances and Actual Readings at Each Volume Allocation Run- Serial SP08”.</p>
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> As a result of the implementation of P81 ‘Removal of the requirement for Half Hourly Metering on Third Party Generating Plant as Domestic Premise’ there is a requirement to clarify the treatment of NHH Export energy in the PARMS Serials. This will be implemented on 28 September 2003. Annex S-1 section 2.2 Provision of Non Half Hourly (NHH) Data – Serial 1 gives the equations for Serial 1 (Post P99: Energy and Metering Systems on Annual Advances and Actual Readings at Each Volume Allocation Run- Serial SP08). As the Code is currently drafted, the Export CCC are included in the calculation but are netted off the Import CCC, as Annex X-2 Table X-5 states:</p> <p style="margin-left: 40px;">“Σ_N = summed over all Consumption Component Classes (N) where, in such summation, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be subtracted and values associated with all other Consumption Component Classes shall be added;</p> <p style="margin-left: 40px;">$\Sigma_{N(AA)}$ = summed over all Consumption Component Classes N that are associated with Annualised Advances;</p> <p style="margin-left: 40px;">$\Sigma_{N(EAC)}$ = summed over all Consumption Component Classes N that are associated with Estimated Annual Consumptions;”</p> <p>As well as being a pre-estimate of loss, Supplier Serial 1 also incentivises Suppliers to enter accurate data into Settlements. If the Export Estimated Annual Consumption (EAC) CCC energy is subtracted from the Import EAC CCC energy, there is less incentive on the Supplier to enter accurate data and it may result in more Export EACs being submitted into Settlements as it would be more advantageous to the Supplier. This would lead to a negative amount of energy being passed thorough to the Supplier Charge calculation, if a Supplier had a large Export portfolio and a small Import portfolio.</p> <p>The Export CCCs have been approved for inclusion in the Code on 28 September 2003 (the implementation date for P81) however the changes to the SVAA software will not be implemented until 20 January 2004⁴ (the day that the Second Reconciliation Settlement Run (R2) for 28 September 2003 will be carried out).</p> <p>To address this defect this Modification Proposal suggests that the summations for Supplier Serial 1 should</p>

⁴ The software implementation date for P81 was specified in the Modification Report approved by the Authority

Modification Proposal

be changed so that values associated with CCCs associated with Third Party Generating Plant comprised in SVA Metering Systems will be added to those values associated with all other CCCs.

It should be noted that this will mean that the NHH Serial will treat Export energy differently to the Half Hourly (HH) Serial. The rationale for this is that the NHH Export EAC rules and the NHH Default rules are the same as for the NHH Import EAC rules and Default rules. Therefore the effect of both should be seen in the Provision of NHH Data - Serial 1. In the HH market the Import and Export EACs and Defaults are treated differently and therefore the Export CCCs are excluded from the equivalent Serial.

Impact on Code *(optional by proposer):*

Changes are required to the Provision of NHH Data Serial 1 in Section S, Annex S-2 and also to the definitions described within Annex X-2, Table X-5 of the Code.

Impact on Core Industry Documents *(optional by proposer):*

BSCP533 'PARMS Data Provision' and specifically Appendix 4.13 Monitoring Implementation Requirements Table, will need to be updated. Changes are required to the section on Supplier Standards 1 'Provision of NHH Data'. The clarifications section should be changed to remove Licence Exempt Generation from the exclusions and add a note to clarify that Import and Export CCC quantities are added together irrespective of the associated "sign".

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

There may be an impact on the systems operated by the SVAA which carry out the calculations for Serial 1.

Impact on other Configurable Items *(optional by proposer):*

None identified

Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by proposer):*

The justification for this Modification Proposal is that it will incentivise Suppliers to enter as much accurate data as possible into the Settlement process, therefore increasing accuracy of Settlements and so improving the accuracy of charges passed on to Suppliers. This will therefore better facilitate achievement of Applicable BSC Objective (c):

- (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;*

Details of Proposer:

Name: Philip Russell

Organisation: TXU Direct Sales Ltd

Telephone Number: 07879 803 061

Email Address: phil.russell@bigfoot.com

Modification Proposal

Details of Proposer's Representative:**Name: Philip Russell****Organisation: TXU Direct Sales Ltd****Telephone Number: 07879 803 061****Email Address: phil.russell@bigfoot.com****Details of Representative's Alternate:****Name: Robert Brown****Organisation: Cornwall Consulting****Telephone Number: 07811 326 156****Email Address: Robert.brown12@lineone.net****Attachments: NO**

ANNEX 2 PROPOSED LEGAL TEXT

Attached below are the proposed changes to the Code to give effect to P130. Please note that it is not proposed that the entries in the Technical Glossary of the Code (Annex-2) for the summation of Consumption of Component Classes are changed in line with the proposed changes to Annex S-1. The Technical Glossary provides a high-level description of terms used elsewhere in the Code and the existing entries can accommodate the changes being made to Annex-S-1.

Annex S-1 (version 3.0 including all Approved Modifications awaiting implementation)

Amend the following paragraph as shown:

2.2.2 For the purpose of this paragraph 2.2:

- (a) the percentage of total energy attributable to a Supplier settled on the basis of Annualised Advances shall be calculated in accordance with the following formula:-

$$\left(\frac{A_{HZ}}{A_{HZ} + E_{HZ}} \right) \times 100$$

where:-

A_{HZ} means $\sum_{N(AA)} \sum_j (C_{inj} + CLOSS_{inj})$; and

E_{HZ} means $\sum_{N(EAC)} \sum_j (C_{inj} + CLOSS_{inj})$;

- (b) the following summations shall bear the following respective meanings:

$\sum_{N(AA)}$ means summed over all Consumption Component Classes (N) that are associated with Annualised Advances. For the avoidance of doubt, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be added to those values associated with all other Consumption Component Classes; and

$\sum_{N(EAC)}$ means summed over all Consumption Component Classes (N) that are associated with Estimated Annual Consumptions and are not associated with Unmetered Supplies. For the avoidance of doubt, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be added to those values associated with all other Consumption Component Classes;

- (c) the relevant values shall be those included in the relevant run of Settlement.

Annex X-2 (Version 3.0 including all Approved Modifications awaiting implementation)

Amend TableX-5 as follows:

\sum_N = summed over all Consumption Component Classes (N) where, in such summation, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be subtracted and values associated with all other Consumption Component Classes shall be added, except in the case of $\sum_{N(AA)}$ and $\sum_{N(EAC)}$ for the purposes of Annex S-1 paragraph 2;