

BY EMAIL



1 February 2011

Energy Networks Association
6th Floor
Dean Bradley House
52 Horseferry Road
London SW1P 2AF

Dear Sir/Madam,

ELEXON's response to the ENA consultation on the EDCM

This is ELEXON Ltd's response to your "Second consultation on the EHV Distribution Charging Methodology (EDCM) December 2010". As the Code Administrator for the Balancing and Settlement Code (BSC), we have no view on the charging proposals themselves. Our response is therefore restricted to a few remarks on whether the current limit of one thousand (1000) Line Loss Factor Classes (LLFCs) per Distributor Id is sufficient to support CDCM and EDCM requirements.

Potential Number of LLFCs Required for Portfolio Billing of LDNO Networks

We note that Appendix 3 of your consultation raised the question of whether sufficient LLFCs will be available, with particular reference to Southern Electric Power Distribution (who are particularly affected because they operate out of area networks, and currently have system constraints that require them to maintain a one-to-one relationship between LLFC and DUoS tariff.)

However, we believe that the current limit of 1000 LLFCs per Distributor Id is likely to become a potential constraint even for those Distributors who are capable of supporting a one-to-many relationship between LLFC and DUoS tariff. Portfolio billing requires an LDNO to create LLFCs that identify the voltage levels of both the customer connection and the DNO connection. This means the theoretical minimum number of LLFCs required to support all voltage levels for an LDNO operating in all areas of the country (even before taking nested networks into account) is:

$$\text{Required LLFC Codes} = 2 * N_{GG} * N_{\text{VoltageLevel}} * N_{\text{VoltageLevel}} + N_{\text{SiteSpecific}}$$

where $N_{\text{VoltageLevel}}$ is the number of distinct voltage levels required to support the CDCM and EDCM, N_{GG} is the number of GSP Groups, $N_{\text{SiteSpecific}}$ is the number of additional site-specific LLFCs required for EHV customers, and the factor of 2 allows for Import and Export requiring separate LLFCs.

Although this theoretical minimum is currently below one thousand, we believe the practical minimum may be significantly higher for some Distributors, due to (for example):

- System constraints that require them to use different LLFCs for Non Half Hourly (NHH) and Half Hourly (HH) customers; and
- Additional LLFCs required to support nested networks (as per paragraph 237 of your consultation).

In addition, future developments to the CDCM and/or EDCM have the potential to further exacerbate the problem. For example, ELEXON strongly supports the work of the Distribution Charging Methodology Forum (DCMF) in developing more cost-reflective charging for elective Half Hourly customers (Measurement Class 'E'). However, such a change has the potential to require further LLFCs. The introduction of smart metering also has the potential to place further pressure on the limited number of available LLFCs.

For these reasons, we believe the potential shortage of LLFC Identifiers is an issue, and is likely to affect more Distributors over time.

Potential Solutions

We note that the DCUSA Working Group on IDNO/DNO billing governance consulted last year on a number of potential solutions to this issue, such as:

- Increasing the number of digits in the Line Loss Factor Class Id; or
- Changing industry systems to allow the same LLFC Id to be used in different GSP Groups.

We also note that the responses to the consultation identified significant costs, and the Working Group therefore decided not to recommend pursuing any such change (instead developing a solution for nested networks that minimised as much as possible the additional demand for LLFC Identifiers).

Nonetheless, we believe that in the longer term Parties will need to agree a solution that removes the constraint of one thousand LLFCs per Distributor Id.

In the meantime, we welcome the raising of CP1343 ("Appropriate Line Loss Factors for High Voltage Customers metered at primary substations") by CE Electric UK. By clarifying the LLFC treatment of HV customers charged under the EDCM, this change will (if approved) avoid one source of increased demand for LLFCs.

In addition, ELEXON is looking at possible workarounds for Distributors who find that they require more than 1000 LLFC Ids to meet their CDCM and EDCM requirements. We would welcome the opportunity to discuss this with any Distributor who is concerned they may find themselves in this position.

If the ENA (or any Licensed Distributor) would like to discuss any of the issues raised in this response, please do not hesitate to contact me or my colleague, Justin Andrews. I can be contacted on 020 7380 4345 or john.lucas@elexon.co.uk, and Justin can be contacted on 020 7380 4364 or justin.andrews@elexon.co.uk.

Yours faithfully

John Lucas
ELEXON Design Authority