

## CP1400

### About this document:

This is an Assessment Consultation document, which provides details of the background, solution, potential impacts and costs associated with CP1400 'Amendment of the System Energy flag via BSCP18'. This document is for information only, to be used in line with the Consultation Response form, to which this document is attached.

## 1. Why Change?

### Background

Occasionally, data correction is required in the Settlement Administration Agent (SAA) system. BSCP18<sup>1</sup> defines the process that should be followed when that is done. The Settlement data (relating to energy volumes accepted) that require correction is in the form of a Bid-Offer-Acceptance-Level (BOAL) file.

When Modification Proposal [P217](#)<sup>2</sup> was implemented in November 2009, the file that is amended under BSCP18 was modified to incorporate a System flag, which takes the value of True or False. Since then the files have been named BOALF (Bid-Offer-Acceptance-Level-Flagged). BSCP18 does not allow the later correction of the System Flag if an error occurs at the time of issue.

P217 introduced a process for the System Operator (SO) to flag individual Bid-Offer Acceptances (BOAs) if accepted for system reasons, in real-time. However, BOAs flagged as system are removed from cash out price calculations. The P217 Workgroup viewed this flagging solution as a pragmatic way to reduce pollution of cash out prices by system actions. However at this time, the resource implications of real time flagging by the SO was not fully quantifiable and thus amendment of the flag to correct errors was not envisaged by the P217 Workgroup.

### What is the issue?

As part of P217, Ofgem introduced a licence condition for National Grid to produce a System Management Action Methodology (SMAF) statement<sup>3</sup> as well as placing the requirement on National Grid to review the flagging process and produce a report detailing the accuracy of the SMAF process on an annual basis.

The report for the period 1 May 2011 to 30 April 2012 found that the potentially flagging error is only around 1% of all BOAs issued<sup>4</sup> and that there is no material impact on system buy and sell prices. This finding is

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<sup>1</sup> 'Corrections to Bid-Offer Acceptance Related Data'

<sup>2</sup> Revised Tagging Process and Calculation of Cash Out Prices

<sup>3</sup> Document which sets out situations under which National Grid will flag BOAs as system actions.

<sup>4</sup> Page 19 - <https://www.ofgem.gov.uk/ofgem-publications/40803/p217a-preliminary-analysis.pdf>



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consistent with previous reports which also found no material impact on system prices following flagging errors, however, the report for the period 1 May 2012 to 30 April 2013 identified a flagging error which caused a significant impact on cash out prices. Whilst this flagging error was identified shortly after it occurred, no process currently exists to correct incorrect flagging.

The process to correct a SO-flag error is also needed in light of Ofgem's Electricity Balancing Significant Code Review (EBSCR) under which the cash out price may be set by the marginal MW.

National Grid raised CP1400 'Amendment of the System Energy flag via BSCP18' on 6 September 2013 to progress this solution.

## 2. Solution

The CP proposes that BSCP18 (and the associated Settlement systems) are amended to allow National Grid to submit an amended BOALF file in which the SO-Flagged field has been corrected from True to False (and vice versa).

### What are the proposed benefits of the change?

The Proposer believes that CP1400 will improve process efficiency as it will allow incorrect system flags, which have a material impact on system prices, to be corrected. It will also ensure that cash out prices more accurately reflect energy prices and are not polluted by system costs.

### Related Changes

#### Amendments to the SMAF statement

The SMAF statement would need to be revised to enable National Grid to amend incorrect SO-Flags applied to BOAs and specify under what conditions this would be carried out. Such changes to the SMAF statement will include a consultation with industry parties. Following this, National Grid will produce a report for Ofgem summarising industry views to the proposed change. Ofgem will then ultimately have to approve any change to the SMAF statement.

#### CP1392

This CP is related to [CP1392](#)<sup>5</sup> which proposes that the automated interface from National Grid to Balancing Mechanism Reporting Agent (BMRA)/SAA is amended to allow automated corrections of BOA data in the BMRA and SAA databases (once agreed with the Lead Party in accordance with BSCP18). The ability to change the SO-flag via an automated process as proposed under this new CP will be captured by the automated amendment process that CP1392 will deliver once implemented on 26 February 2015 as part of

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<sup>5</sup> 'BSCP18 Bid-Offer Acceptance Related Data Corrections to the SAA system via Electronic File Transfer method (BMRA-I002) instead of manual Email method (SAA-I033).'



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the February 2015 BSC Release. However, in the interim, the amendment of SO-flags will be done so manually.

## Question 1

Do you agree with the proposed change?

### 3. Impacts and Costs

#### Potential Central Impacts and Costs

The impacted documents and systems are set out below:

Potential Impacts	
Document Impacts	System Impacts
BSCP18	Balancing Mechanism Reporting Service (BMRS), Settlement Administration Agent (SAA)

The estimated ELEXON effort and Demand Led system change costs to implement CP1400 are set out in the table below:

ELEXON Costs		
ELEXON effort	Demand Led System Changes	Total
25 man days equating to £6,000	Approximately £29,500 if completed as a standalone release (N.B. the cost may be less if implemented alongside other similar changes).	<b>Approximately £35,500</b>

#### Potential Party Impacts and Costs

There may be potential party impacts associated with CP1400 in relation to changing cash out prices.

## Question 2

Is your organisation impacted? If yes, please answer the following:



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## Question 3

**How is your organisation impacted?**

## Question 4

**What are the associated costs on your organisation to implement this change?**

## 4. Implementation Approach

CP1400 is targeted for implementation on 26 June 2014 as part of the June 2014 BSC Release.

## Question 5

**Do you agree with the implementation approach? If not, why?**

## Question 6

**Do you have any other comments?**

## 5. ISG Initial Views

ELEXON presented the New CP Progression paper for CP1400 to ISG at its September 2013 meeting.

An ISG Member asked whether the BSC allows for flag changes. ELEXON confirmed that there is currently no process to allow for such changes.

An ISG Member commented that BSC Parties should be made aware that changing flags will potentially have an impact on prices, which will affect BSC Parties. An ISG Member confirmed that there is a two-stage process in relation to this change. Stage one (if CP1400 is approved) would introduce the mechanics of the process of how to change a flag, but, under stage two, the actual implementation by National Grid of amended flag submissions will not be introduced until it has updated the SMAF (which currently precludes the amendment of flags). The process to amend this document is set out in National Grid's Transmission Licence. This will include a formal National Grid consultation to seek industry views on the merits of the change (including materiality and impact on parties) and a report to Ofgem, which will ultimately approve or reject a change to the SMAF document. National Grid will issue the SMAF consultation later this year and so there will be no impact on prices until the process (if approved) is introduced under the SMAF consultation, under which parties will have an opportunity to input into.



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**Attachments:**

Attachment A – CP1400 form

Attachment B – BSCP18 redlining v0.1

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