CP1401

About this document:

This is an Assessment Consultation document, which provides details of the background, solution, potential impacts and costs associated with CP1401 'Replace residual negative EACs for pre-RF Settlement days without affecting post-RF settlement data'. 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?

Causes and impacts of negative EACs

Gross Volume Correction (GVC) is a technique used to correct errors relating to Meter Advance Periods during which some Settlement Dates have already been subject to the Final Reconciliation (RF) Run.

Negative Annualised Advance (AA) values arise from the use of GVC and/or the deeming process (e.g. deeming on Change of Supplier, or deeming at RF because a Meter Advance Period is greater than 14 months), and in turn cause Negative Estimated Annual Consumption (EAC) values.

These negative EACs, which were created in good faith using the prevailing rules at the time, have the following associated impacts:

- Suppliers with negative EACs will be under-accounting for their customers' demand (which other Suppliers will pay for through Grid Supply Point (GSP) Group Correction[1]); and
- Negative EACs will flatter Supplier performance against Performance Assurance Reporting & Monitoring (PARMS) Serial SP08a (% energy on actuals) because this is measured as AA÷(AA+EAC).

Previous changes to negative EAC rules

CP1311 'Replacing Erroneous Forward Looking EAC' was implemented in June 2010, preventing any new negative EACs from being created. It amended the centrally-provided EAC/AA software, used by Non Half Hourly Data Collectors (NHHDCs), so that the applications resulted in a positive class average EAC instead of a negative EAC. This replacement EAC is calculated by multiplying the GSP Group Profile Class Default EAC

[1] GSP Group Correction ensures that the total energy allocated to Suppliers in each Settlement Period in each GSP Group matches the energy entering the GSP Groups from the transmission system, adjoining GSP Groups and through embedded generation.

by the Average Fraction of Yearly Consumption (AFYC). CP1311 did not affect any negative EACs created before June 2010.

Further information about CP1311 can be found on the CP1311 page of the ELEXON website, here.

CP1362 'Removal of Residual Negative EACs' was raised in November 2011. It proposed to remove all residual (pre-CP1311) negative EACs from Non Half Hourly Data Aggregators (NHHDAs) databases and replace these with positive class average EACs, using a centrally-provided script.

The Supplier Volume Allocation Group (SVG) approved CP1362 in January 2012. However, following this decision, participants raised a number of queries about certain aspects of the solution. On further investigation, it became clear that the CP1362 solution was not viable as it would have removed negative EACs from their original effective dates, and as such, would have changed crystallised data (meaning data that has been subject to an RF Run). This resulted in the SVG rejecting CP1362 in May 2012 (SVG135/02). The BSC does not permit the adjustment of crystallised data outside a Post-Final Settlement Run (PFSR) or a Trading Dispute. A Trading Dispute must relate to a Settlement Error, and residual negative EACs would not constitute such an error as they were created in accordance with the prevailing rules. A PFSR would only remove negative EACs that became effective in the past 28 months, a period for which CP1311 had already prevented the creation of negative EACs. Therefore CP1362 would not have resolved the issue.

Further information about CP1362 can be found on the CP1362 page of the ELEXON website, here.

What is the issue?

ELEXON presented analysis on negative EACs during a verbal update to the SVG in January 2013[2]. This analysis indicated that there were an estimated ~39,000 instances of negative EACs remaining in settlement. These instances account for ~170GWh of energy, equating to £8.7m when multiplied by the Credit Assessment Price (CAP).

While older data will be crystallising over time, the fact that this volume of error is still present nearly three years after the implementation of CP1311 suggests that these negative EACs are not being corrected naturally through the Settlement process. This is likely due to the fact that many of the Metering Systems with negative EACs have some form of related complication that hinders the successful processing of a Meter reading (e.g. they may be Long Term Vacant sites).

The remaining negative EACs were created in accordance with the prevailing rules at the time. However, they represent a known Settlement inaccuracy from which some Suppliers are benefitting at others' expense through GSP Group Correction, which is also reducing the accuracy of SP08a. Once all negative EACs have been cleansed under the CP1401 solution, PARMS Serial SP08a will more accurately reflect Suppliers'

[2] Further information can be found in the minutes from SVG meeting 143 and in the paper presented to the PAB in May 2013 (PAB148/05).

performance. However, the performance of Suppliers with residual negative EACs will reduce as a result of this data cleanse. ELEXON will manage the expectations of the Performance Assurance Board (PAB) during this period, to ensure that Suppliers are given the opportunity to re-baseline any relevant performance improvement plans.

2. Solution

Npower raised CP1401 on 27 September 2013. The proposed solution looks to remove residual negative EACs for pre-RF Settlement Days without affecting post-RF Settlement Data.

CP1401 will make it mandatory for NHHDAs to identify all residual negative EACs that are still being settled (i.e. included in aggregation runs). It will also make it mandatory for NHHDCs to replace these with positive class average EACs with effective from Settlement Dates that have not yet been subject to an RF Run by deeming a read at RF.

Although this will create a negative AA, the EAC/AA system will apply a positive class average EAC. This will then resolve the issue for all non-crystallised Settlement Days. The energy volume for the Metering Systems concerned will be unchanged at any PFSR, because the negative AA (if processed) will have the same value as the negative EAC.

Central Script Requirements

ELEXON will provide a script to all NHHDAs. NHHDAs will be required to run this script, upon request by ELEXON, in order to identify all the remaining negative EACs for which each NHHDA is still appointed. Negative EACs will be listed by Supplier and NHHDC and will then be distributed to each NHHDC by the relevant Supplier.

This solution is primarily a one-off exercise. However, there have been isolated instances of negative EACs being sent manually to NHHDAs. To ensure that all residual negatives have been removed, this CP will require NHHDAs to re-run the script, and if necessary, NHHDCs to repeat the deeming exercise if requested by ELEXON.

Requirement 1:
The Script must select, from each NHHDA's database, all EACs that are negative (i.e. less than zero) where:

- the NHHDA is still appointed to the Metering System or has a de-appointment date later than the most recent RF Run Data (to be provided as a parameter to the script);

- the appointment of the NHHDC sending the EAC (as at the Effective From Settlement Date of the EAC) overlaps with an NHHDA appointment for the same Metering System;
- no EAC or AA exists which would take precedence over the negative EAC when applying the aggregation rules i.e.:
  - an AA or EAC from the same NHHDC with a later or equivalent Effective From Settlement Date;
  - an AA with a later or equivalent Effective From Settlement Date from another NHHDC with an appointment which overlaps the AA and an NHHDA appointment for the same Metering System;
  - a positive EAC which overlaps the negative EAC and was provided by another NHHDC with a later appointment which overlaps the EAC and an NHHDA appointment for the same Metering System.

Requirement 2:
The Script must create a suitably-labelled .csv or pipe-delimited file for each combination of Supplier and NHHDC. Each File should list the Metering System ID, EAC Value and the Effective from Settlement Date for each negative EAC value, meeting the criteria in Requirement 1.

Requirement 3:
The Script will identify each combination of Supplier and NHHDC, where the NHHDC has at least one appointment for that Supplier. Where no negative EACs are found for that combination, a suitably-labelled file will be created with an indication that no negative EACs have been found.

Requirement4:
The NHHDA query will be run as a standalone script. This will be done via the Unix command line, rather than a front end form as part of the NHHDA application.

Timescales

Changes to BSCP504 and BSCP505 specify the timescales within which Suppliers, NHHDAs and NHHDCs must complete both the initial exercise and any subsequent ad-hoc request(s) (recognising that subsequent ad-hoc requests are likely to require less time for NHHDCs to complete as there will be fewer, if any, residual negative EACs left) these times scales are as follows:

- Upon request by ELEXON the **NHHDA** shall, within 10 Working Days, identify any negative EAC values in its database and shall notify the Supplier of these negative EAC values and associated details.

- The **Supplier** shall, within 5 working days of receiving such notification from the NHHDA, pass their details of negative EAC values and associated details to the NHHDC by email or other agreed means.

- Upon request from the Supplier the **NHHDC** shall, within 60 working days of the first request and within 10 working days of any subsequent request:

  – Calculate a Deemed Meter Advance in accordance with 4.5.2 e) and using the negative EAC value reported by the Supplier;

  – Use the resultant negative Deemed Meter Advance to calculate a negative Annualised Advance and positive replacement EAC in accordance with 3.3.11 and;

  – Submit the revised EAC (and optionally the negative Annualised Advance) to the NHHDA in accordance with 3.3.11.

Further information about these timescales can be found in Section 4 of this document and in the Draft BSCP504 and BSCP505 redlining in Attachments A and B.

Assessment Consultation Question
Do you agree with the proposed change?
Please provide your response and rationale in the response form provided.

Assessment Consultation Question
Do you agree with the timescales within which Suppliers, NHHDAs and NHHDCs must complete both the initial exercise and any subsequent ad-hoc request(s)? **If not, please advise what timescales would be required in order to complete both the initial exercise and any subsequent requests and why.**
Please provide your response and rationale in the response form provided.

3. Impacts and Costs

Potential Central Impacts and Costs

In order to facilitate the proposed solution, CP1401 requires changes to BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS' and BSCP505 'Non Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS'.

The Estimated ELEXON effort to implement this change is £1,680 or 7 mandays.

The Estimated cost to develop the required script is £5,500.

Potential Party Impacts

CP1401 will impact Suppliers, NHHDAs and NHHDCs, as detailed in Section 2 of this document. No other potential Party or Party Agent impacts have been identified.

Assessment Consultation Question
Is your organisation impacted? If yes, please answer the questions below.
Please provide your response and rationale in the response form provided.

Assessment Consultation Question
How is your organisation impacted?
Please provide your response and rationale in the response form provided.

Assessment Consultation Question
What are the associated costs on your organisation to implement this change?
Please provide your response and rationale in the response form provided.

4. Implementation Approach

CP1401 is targeted for implementation on 27 February 2014 as part of the February 2014 BSC Release.

The proposed document changes will become effective and the central script will be provided to NHHDAs as part of the February 2014 release. ELEXON will request that NHHDAs run this script on 1 May 2014. NHHDAs will then have 10 Working Days to comply. If they choose to do so, NHHDAs may run this script prior to ELEXON's

request. However, it should be noted that any NHHDA that chooses to do so will still be obligated to run the script when requested by ELEXON on the 1 May 2014.

Assessment Consultation Question
Do you agree with the proposed date, for which NHHDAs will be required to run the script provided by ELEXON, of 1 May 2014? **If not, please advise a date for when NHHDAs should be requested to run this script and why.**
Please provide your response and rationale in the response form provided.

Assessment Consultation Question
Do you agree with the implementation approach?
Please provide your response and rationale in the response form provided.

Assessment Consultation Question
Do you have any other comments?
Please provide your response and rationale in the response form provided.

Attachments:

Attachment A – BSCP504 Draft Redlining
Attachment B – BSCP505 Draft Redlining
Attachment C – CP1401 Form

For more information, please contact:

Talia Addy
Change Analyst
talia.addy@elexon.co.uk
020 7380 4043