

CP REPORT – CP1407 V2.0

MEETING NAME SVG 160

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Paper number 160/05

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Purpose of paper Decision

Classification Public

Summary ELEXON invites the SVG to approve CP1407 v2.0 'Updates to current LLF audit templates' for implementation in the June 2014 Release, in time for the start of the next LLF audit year on 1 August 2014.

1. Why change?

Background

The annual Line Loss Factor (LLF) audit checks that the LLFs identified by the Licensed Distribution System Operators (LDSOs) for the forthcoming BSC Year are calculated in line with the methodology set out in Balancing and Settlement Code Procedure (BSCP) [128](#) 'Production, Submission, Audit and Approval of Line Loss Factors'.

What is the issue?

ELEXON recently reviewed the current process and identified the following inefficiencies:

- Risk that the audit may not be completed to time or quality due to the use of multiple formats for capturing similar information from the array of LDSOs; and
- Risk that the audit may not be completed to the required quality due to the inherent manual processes to check data.

The audit process currently presents a number of issues including heavy reliance on a paper trail and manual version control. There are also lots of data checking processes that could be simplified e.g. by making use of spreadsheets.

To further ensure that the audit is completed on time and to reduce the risk of errors, it is necessary to introduce some further controls.

CP1407 v1.0

ELEXON raised [CP1407](#) v1.0 on 3 February 2014 to address the issues identified with the current process. We issued CP1407 v1.0 for CP Impact Assessment via [CPC00737](#) and received 10 responses, of which five agreed with the CP, three disagreed and two were neutral.

We received a number of substantive comments on the proposed redlined text, particularly in relation to the new BSCP128: Appendix 9 'Site Specific LLF Calculation Audit Evidence Template'. The full collated responses can be found in Attachment J.

ELEXON addressed respondents' comments and concerns where possible, but identified that these further changes would have a material impact on the CP1407 solution. This was because the amendments would include making the BSCP128: Appendix 9 template optional rather than mandatory as originally proposed. A second CP Impact Assessment was therefore required in order to obtain industry views on the revised solution.

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2. Solution

CP1407 v2.0 proposes to create a set of templates with consistent formatting for the LDSOs to complete. The templates will make use of the most appropriate file format available for certain elements of the submission with the proposed changes as follows:

- Move tables 2.1 and 2.2 within the Calculation Self Assessment Document (CSAD) from BSCP128: Appendix 3 and BSCP128: Appendix 4 to a proposed new Appendix in an Excel Workbook format; and
- Provide a consistent template design for site specific LLFs in spreadsheet format for LDSOs to submit, enabling quick review by ELEXON.

Proposed changes to BSCP128 and Appendices

As a result of the changes prompted by the recent review, ELEXON also conducted a general review of the BSCP documents to ensure the details of the LLF audit process are up to date and accurate. Taking into account this further review and the responses received to the CP Impact Assessment for CP1407 v1.0, ELEXON made changes to the solution in CP1407 v2.0 which included making the new BSCP128: Appendix 5 template mandatory and the new BSCP128: Appendix 9 template optional. This differed from the CP1407 v1.0 solution to make both templates mandatory.

CP1407 v2.0 proposes to make amendments to each BSCP128 Appendix as follows:

- BSCP128 Appendix 1: Methodology of Self Assessment Document (MSAD) for Host LDSOs and Embedded LDSOs that do not Mirror – no changes;
- BSCP128 Appendix 2: Methodology of Self Assessment Document (MSAD) for Host LDSOs and Embedded LDSOs that Mirror – no changes;
- BSCP128 Appendix 3: Calculation Self Assessment Document (CSAD) for Host LDSOs and Embedded LDSOs that do not Mirror – additional draft redlined changes made since CP1407 v1.0 are highlighted in yellow in Attachment B;
- BSCP128 Appendix 4: Calculation Self Assessment Document (CSAD) for Host LDSOs and Embedded LDSOs that Mirror – additional draft redlined changes made since CP1407 v1.0 are highlighted in yellow in Attachment C;
- Proposed new Appendix in Excel format: BSCP128 Appendix 5: CSAD 2.1 and 2.2 tables for all Host and Embedded Submissions – additional draft redlined changes made since CP1407 v1.0 are outlined in red in Attachment D;
- BSCP128 Appendix 5: CVA Long and Short Format data files - to be renamed as Appendix 6 as detailed in Attachment E;
- BSCP128 Appendix 6: SVA Format data file (D0265) - to be renamed as Appendix 7 as detailed in Attachment F;
- BSCP128 Appendix 7: SVA Summary Report - to be renamed as Appendix 8 as detailed in Attachment G;
- Proposed new Appendix in Excel format – BSCP128 Appendix 9: Site Specific LLF Calculation Audit Evidence Template – additional draft redlined changes made since CP1407 v1.0 are detailed in Attachment H and are as follows:
 - an additional LLF Calculation Sheet for Export has been included;
 - a description box on how the import and export are combined to calculate the final LLF has been included;
 - customer import and export load data tabs have been added to the template; and

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- Proposed new Appendix: BSCP128 Appendix 10: Calculation Self-Assessment Document (CSAD) for mid-year LLF submissions as detailed in Attachment I.

ELEXON notes that as BSCP128: Appendix 9 is optional rather than mandatory, it should be treated as an example calculation template only. Participants should therefore also attach a template which details the calculation of the site specific LLF, only for the sites that ELEXON has nominated as being audited. To accompany this, ELEXON has created a list of requirement descriptions for completing BSCP128: Appendix 9, which participants must use if they choose to use their own template.

The requirements can be found within BSCP128 in Attachment A and in the table below:

Requirement	Description of requirement
1	The calculation details must be provided in a spreadsheet format (requirements 7 and 9 can be provided in additional attachments)
2	Show the year of data being used to calculate the Line Loss Factor
3	Show that the Line Loss Factor calculation takes into account both variable losses and fixed losses
4	Show/confirm that the Line Loss Factor calculation takes into account Technical Losses only
5	Show that the Line Loss Factor is calculated for the Seasonal Time of Day (SToD) as defined in the methodology statement
6	Show the difference in network losses when the customer is connected and disconnected
7	Provide screenshot/raw data to support requirement 6
8	Show the customer's load data that is being used to calculate the Line Loss Factor
9	Show the customer's line diagram and label the connection voltage for the customer
10	Check the calculated Line Loss Factor values against previously approved values (within acceptable tolerance level)
11	Show both export and import LLF calculations using the "Additional LLF Calculation" sheet. Provide a description on how the export LLF and import LLF are combined to calculate the final LLF. This is only applicable if export and import LLFs are individually calculated and then combined to derive the final LLF

In addition, if this CP is approved, the BSC Baseline Statement would need to be amended to formally include the three new BSCP Appendices and renumber some of the existing Appendices accordingly. This requires approval by the BSC Panel.

Overall, CP1407 v2.0 proposes to make the LLF audit process easier and quicker for ELEXON and LDSOs to complete, while minimising the risk of errors. We believe that the changes will mitigate the inefficiencies identified by reducing replication, manual checking and translation, all of which increase the risk of errors. There would also be the benefit of storing as much information as possible electronically to remove the need for lots of manual

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printing. This CP would also aim to simplify the submission of these templates as much as possible, to reduce the risk of the audit not being completed on time or to the required quality.

3. Impacts and costs

Central impacts and costs

CP1407 v2.0 will require updates to the following documents, however there are no impacts on BSC Systems:

ELEXON estimated costs and potential impacts		
Document changes	System changes/impacts	Total
BSCP128	No system changes or impacts	7 man days equating to £1,680
BSCP128: Appendix 3		
BSCP128: Appendix 4		
BSCP128: Appendix 5 (new – Excel)		
BSCP128: Appendix 6 (previously Appendix 5)		
BSCP128: Appendix 7 (previously Appendix 6)		
BSCP128: Appendix 8 (previously Appendix 7)		
BSCP128: Appendix 9 (new – Excel)		
BSCP128: Appendix 10 (new – Word)		

Participant impacts and costs

Five of the 11 respondents to the Impact Assessment for CP1407 v2.0 indicated an impact, to the extent that they would have to prepare the CSAD and take part in the audit each year. One respondent also commented that they would need to make some process changes.

Only one respondent indicated that there would be associated costs with CP1407 v2.0, although they advised that these are minimal (less than 10 man days of effort to implement the changes).

4. Implementation approach

CP1407 v2.0 is targeted for implementation on **26 June 2014** as part of the June 2014 BSC Systems Release, in time for the start of the next LLF audit year on 1 August 2014. A later Implementation Date would mean that the changes would not become effective until the beginning of the following LLF audit year on 1 August 2015.

Eight of the 11 respondents to the CP Impact Assessment agreed with the proposed Implementation Date. The other three respondents who provided a neutral view are not impacted by the change.

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5. Industry views

ELEXON issued CP1407 v2.0 for CP Impact Assessment via CPC00740. We received 11 responses of which seven agreed with the CP and four were neutral (none disagreed).

The following table shows the breakdown of responses. You can find the full collated participant responses to CP1407 v2.0 in Attachment K or on the [CP1407](#) page of the BSC Website.

Summary of responses for CP1407 v2.0			
Organisation	Capacity in which organisation operates	Agree?	Impacted?
British Gas	Supplier, Supplier Agent	Yes	No
EDF Energy	Supplier, Supplier Agent	Neutral	No
Electricity North West	Distributor	Yes	Yes
E.ON	Supplier, Supplier Agent	Neutral	No
Northern Powergrid	Distributor	Yes	Yes
RWE Npower	Supplier, Supplier Agent	Neutral	No
ScottishPower	Supplier, generator, Distributor, Supplier Agent	Yes	Yes
SSEPD	Distributor	Yes	No
TMA Data Management Ltd	Supplier Agent	Yes	No
UK Power Networks (IDNO) Ltd	Distributor	Neutral	Yes
Western Power Distribution	Distributor	Yes	Yes

All respondents agreed with CP1407 v2.0, including the changes made to the solution following the first CP Impact Assessment. One respondent commented that they were pleased that the automatic calculations had been removed and another respondent commented that moving Appendix 5 from the CSAD Word document will make the process more straightforward. Two respondents also commented that they are happy to supply information as suggested in the 11 listed requirements in BSCP128, while leaving scope for them to use their own templates.

One respondent commented that they agreed with the change as it makes sense to apply consistency across the industry and queried whether ELEXON had thought it would be appropriate to have a pilot of using the new templates, prior to their formal introduction. ELEXON advised that due to the short timescale with the first year of implementation commencing in time for the beginning of the new audit year on 1 August 2014, there will be support from ELEXON throughout the audit to ensure the templates are filled in correctly.

Another respondent commented that as the purpose of the change is to simplify the process, they did not see why the use of the templates had been made optional. We clarified that as highlighted from the consultation responses to CP1407 v1.0, there was difficulty in aligning a single template that worked for all LDSOs, given their freedom to run these processes in different ways. We therefore created a list of requirements in BSCP128 for completing the templates that will ensure consistency in submissions, whilst giving the LDSOs the ability to have what they need in the templates.

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Comments on the proposed redlining

We received no comments on the proposed redlined text for CP1407 v2.0.

6. Recommendations

Assessment review

Following a second CP Impact Assessment, no respondents disagree with CP1407 v2.0 or its proposed Implementation Date.

This CP requires updates to BSCP128 and BSCP128 Appendices, for which the SVG and the Imbalance Settlement Group (ISG) have joint responsibility. We will therefore also take this change to the ISG for approval at its meeting on 27 May 2014 and will update you verbally on the ISG's decision.

If the SVG and ISG approve CP1407, including the creation of the new BSCP128: Appendix 5, BSCP128: Appendix 9 and BSCP128: Appendix 10, then they will need to make a recommendation to the BSC Panel that these become new Code Subsidiary Documents (CSDs) and are added to the BSC Baseline Statement. This is because both the SVG's and ISG's Terms of Reference only permit them to amend items on the BSC Baseline Statement that are already defined as being the Committee's responsibility (i.e. existing CSDs and CSD Appendices).

Recommendations

We invite you to:

- a) **APPROVE** CP1407 v2.0 for implementation on 26 June 2014, as part of the June 2014 BSC Systems Release;
- b) **AGREE** the proposed amendments to the following existing CSDs:
 - BSCP128 as set out in Attachment A;
 - BSCP128: Appendix 3 as set out in Attachment B;
 - BSCP128: Appendix 4 as set out in Attachment C;
 - BSCP128: Appendix 6 as set out in Attachment E (renumbered from Appendix 5);
 - BSCP128: Appendix 7 as set out in Attachment F (renumbered from Appendix 6); and
 - BSCP128: Appendix 8 as set out in Attachment G (renumbered from Appendix 7);
- c) **RECOMMEND** to the BSC Panel that it approves the formal adoption of the following new CSDs for inclusion on the BSC Baseline Statement:
 - BSCP128: Appendix 5 'CSAD 2.1 and 2.2 tables for all Host and Embedded Submissions' as set out in Attachment D;
 - BSCP128: Appendix 9 'Site Specific LLF Calculation Audit Evidence Template' as set out in Attachment H;
 - BSCP128: Appendix 10 'Calculation Self-Assessment Document (CSAD) for mid-year LLF submissions' as set out in Attachment I; and
- d) **NOTE** that CP1407 v2.0 will also be presented to the ISG at its meeting on 27 May 2014, inviting the ISG to approve the CP and to recommend the approval of the new BSCP Appendices to the Panel.

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Appendices

None

Attachments

Attachment A – CP1407 v2.0 – BSCP128 Redlining v0.2

Attachment B – CP1407 v2.0 – BSCP128: Appendix 3 Redlining v0.2

Attachment C – CP1407 v2.0 – BSCP128: Appendix 4 Redlining v0.2

Attachment D – CP1407 v2.0 – BSCP128: Appendix 5 Redlining v0.2

Attachment E – CP1407 v2.0 – BSCP128: Appendix 6 Redlining v0.1

Attachment F – CP1407 v2.0 – BSCP128: Appendix 7 Redlining v0.1

Attachment G – CP1407 v2.0 – BSCP128: Appendix 8 Redlining v0.1

Attachment H – CP1407 v2.0 – BSCP128: Appendix 9 Redlining v0.2

Attachment I – CP1407 v2.0 – BSCP128: Appendix 10 Redlining v0.1

Attachment J – CP1407 v1.0 – Consultation Responses

Attachment K – CP1407 v2.0 – Consultation Responses

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