Final CP Report

CP1414 v2.0 'Combining LDSO and Embedded LDSOs UMS Inventories on to single LDSO MSID'

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About This Document

This document is the CP1414 v2.0 Final CP Report which ELEXON has published following the final decision from the Supplier Volume Allocation Group (SVG) to reject CP1414 v2.0.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the SVG's views on the proposed changes and the views of respondents to the CP Consultation, along with the final decision on whether to approve this change.
- Attachment A contains the proposed redlined changes to deliver the CP1414 v2.0 solution.
- Attachment B contains the full responses received to the CP Consultation[1].
- Attachment C contains an additional note from the CP Proposer in response to some questions raised from the CP Consultation.

[1] Some of the responses we received contained confidential information. This has been excluded from the version published on the BSC Website but included in the version provided to SVG Members.

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1 Why Change?

Background

Distribution Systems are directly connected to the Transmission System and are operated by Licensed Distribution System Operators (LDSOs) (referred to as "host" in this report). Within each Distribution System, there may be one or more embedded Distribution Systems operated by embedded LDSOs (referred as "embedded" in this report). Under the current arrangements, BSCP520 'Unmetered Supplies Registered in SMRS' and the Operational Information Document (OID) set out the processes to be followed in relation to the connection and Settlement of Unmetered Supplies (UMS).

What is the issue?

UMS connections provided to UMS customers can have exit points that spread amongst a wide geographic area, covering a number of different embedded Distribution Systems. This can mean that the UMS customers must trade an additional separate Metering System ID (MSID) for each embedded Distribution System operating in its area.

To accommodate inter-distributor billing, the embedded LDSOs must also ensure that a separate MSID is raised for each different embedded distribution boundary connection arrangement it has with the host LDSO that provides UMS connections to the UMS customer.

The Proposer asserts that this unnecessarily increases the number of MSIDs that a UMS customer is required to trade against its portfolio of UMS connections

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2 Solution

Proposed solution

Version 1

The Proposer, ESP Electricity Limited, submitted CP1414 v1.0 'Combining LDSO and Embedded LDSOs UMS Inventories on to single LDSO MSID' on 14 May 2014. CP1414 v1.0 proposed to give UMS customers the option to trade their UMS connections from embedded Distribution Systems, under the LDSO MSIDs[2] associated with customers with UMS connections on both networks. This would be achieved by combining such inventories of connections with the existing inventory linked to the already-registered host LDSO's MSID.

Progression

CP1414 v1.0 was presented to the SVG for comment on 3 June 2014 before it was formally issued for CP Consultation. ELEXON issued CP1414 v1.0 for consultation as part of CP Circular (CPC) 00741 on 3 June 2014. Due to the number of responses that suggested material changes to the solution and sought further clarification around the parallel work under the Distribution Connection and Use of System Agreement (DCUSA), the Proposer sought views on the proposal through a CP Workgroup.

The CP1414 Workgroup met on 15 September 2014 to discuss the issue and proposed solution. Following the meeting, the Proposer revised CP1414 into version 2.0, which provided further clarification to address some of the points raised during the consultation and at the CP Workgroup meeting. The revised CP and detailed solution were provided to the CP Workgroup for comment.

Version 2

CP1414 v2.0 was raised on 26 November 2014. It continues to propose to allow UMS customers to be able to trade their UMS connections from embedded LDSO networks under a single LDSO MSID[3]. This would be achieved by combining these inventories into the existing inventory linked to the already-registered host LDSO's MSID.

The embedded LDSO will continue to have full responsibility for the connections to its Distribution System, including validation and audit of these connections. Any upstream LDSO will not be required to validate the embedded LDSO's inventory, with this responsibility remaining with the UMS customer and embedded LDSO. The embedded LDSO will be required to provide evidence to the host LDSO that any necessary agreements are in place, which will release the host LDSO from any obligations regarding validating or maintaining the inventory.

Full details of the Proposer's proposed solution can be found in the CP Proposal Form published on the CP1414 page of the BSC Website.

[2] Typically, up to four MSIDs, each mapping to separate Standard Settlement Configurations (SSCs), are associated with each set of connections for a customer.

[3] Customers would also have the option to trade their UMS connections under the embedded LDSOs' MSIDs where greater UMS capacity (based on the calculated Estimate of Annual Consumption (EAC)) is connected to embedded networks.

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Proposer's rationale

The Proposer believes that the solution in CP1414 v2.0 would reduce the number of MSIDs needed for UMS customers, thereby reducing the costs of Meter Administration and improving efficiency in inter-distributor billing. Due to UMS customers having small numbers of inventories per MSID (average: 10 streetlights), their daily allocated proportion of EAC often rounds to 0.000MWh to three decimal places. Therefore Distribution Use of System (DUoS) charges cannot be recovered by their host or embedded LDSOs. A simplified process would remove the burden for customers contracting UMS connections with embedded LDSOs. This would promote competition in the UMS connections and distribution markets.

It should be noted that some UMS customers do currently combine inventories, either accidentally or intentionally[4]; CP1414 v2.0 will apply governance to this practice.

Proposed redlined changes

We have received a number of comments from the consultant respondents on the proposed redlined changes to BSCP520. We agreed with some of these comments and have subsequently revised the redlined BSCP520, taking into account of these comments. The latest proposed redlined changes to BSCP520 can be found in Attachment A.

The CP Workgroup agreed that, should CP1414 v2.0 be approved, the updates to the OID should be done in parallel with the implementation of the CP. Therefore no redlined OID is provided at this stage.

[4] This was confirmed by a customer who responded to this CP Consultation.

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3 Impacts and Costs

Central impacts and costs

Central impacts

CP1414 v2.0 would require changes to BSCP520 and the OID. There are no system impacts.

Central Impacts	
Document Impacts	System Impacts
• BSCP520 • OID	• None

Central costs

The central implementation costs for CP1414 v2.0 would be approximately £240 (1 man day) for ELEXON to implement the relevant document changes.

BSC Party & Party Agent impacts and costs

Participant impacts and costs

BSC Party & Party Agent Impacts		
BSC Party/Party Agent	Impact	Cost
Embedded LDSOs	CP1414 v2.0 will have an impact on embedded LDSOs' internal processes. They would also be positively impacted as the CP would remove the barriers for UMS customers to contract with the embedded LDSOs as a result of the simplified process.	There should be minimal costs for embedded LDSOs to implement this CP. Some on-going costs may arise from establishing a Collection Agent (this function will be established to disaggregate the customer's inventory connected to the host LDSOs and embedded LDSOs' networks for validation and audit purposes). These costs are not significant when shared between all the embedded LDSOs.

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BSC Party & Party Agent Impacts		
BSC Party/Party Agent	Impact	Cost
Host LDSOs	The host LDSOs will need to change their internal processes, IT systems and administrative arrangements to implement the CP. Additional resources will be required to manage the new UMS inventory combination processes introduced by the CP.	There will be both one-off and on-going costs for host LDSOs to implement the CP. These costs relate to changing the internal processes and IT systems and allocating additional staff resources. One host LDSO estimates its initial implementation costs and on-going operational costs would be £100k and £30k per annum respectively. Two LDSOs believe that it would be difficult to forecast the cost numbers until the corresponding DCUSA Change Proposal (DCP) 203 'The Rationalisation of Discount Factors used to Determine LDNO Use of System Tariffs relating to UMS Connections on Embedded Distribution Networks and the associated LDNO tariffs' is introduced. They would expect to recover these additional costs from the embedded LDSOs.
Suppliers	None	None
Non BSC Parties (UMS customers)	CP1414 v2.0 will positively impact UMS customers as it seeks to simplify the inventory management process and reduce the costs and administration associated with multiple MSIDs across different host LDSO areas.	There will be minimal costs on UMS customers to implement the new processes introduced by the CP.

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4 Implementation Approach

CP1414 v2.0 was proposed for implementation on 25 June 2015 as part of the June 2015 BSC Systems Release. Since the SVG rejected CP1414 v2.0, there will be no implementation.

5 Initial Committee Views

SVG's initial views

We presented CP1414 v1.0 to the SVG for comment at its meeting on 3 June 2014 (SVG160/10). The SVG had no initial comments on the proposed changes at that time.

Due to the volume of responses that suggested material changes to the proposed solution under CP1414 v1.0, the Proposer sought views on the proposal through a CP Workgroup and raised CP1414 v2.0. We have not provided CP1414 v2.0 to the SVG for initial comments.

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6 Industry Views

This section summarises the responses received to the CP1414 v2.0 consultation. You can find the full responses in Attachment B[5].

Summary of CP1414 v2.0 CP Consultation Responses – all responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1414 v2.0 proposed solution?	23	5	0	0
Do you agree that the draft redlining delivers the intent of CP1414 v2.0?	22	4	2	0
Will CP1414 v2.0 impact your organisation?	18	10	0	0
Will your organisation incur any costs in implementing CP1414 v2.0?	8	20	0	0
Do you agree with the proposed implementation approach for CP1414 v2.0?	23	5	0	0
Do you have any further comments on CP1414 v2.0?	9	19	0	0

Due to the large number of responses we have received, of which many responses are from non-BSC Parties (UMS customers, Street Lighting Authorities and Supplier Agents), we provide the CP responses summarised by different Party types.

Summary of CP1414 v2.0 CP Consultation Responses – Embedded LDSOs				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1414 v2.0 proposed solution?	4	1	0	0
Do you agree that the draft redlining delivers the intent of CP1414 v2.0?	3	1	1	0
Will CP1414 v2.0 impact your organisation?	5	0	0	0
Will your organisation incur any costs in implementing CP1414 v2.0?	3	2	0	0
Do you agree with the proposed implementation approach for CP1414 v2.0?	4	1	0	0
Do you have any further comments on CP1414 v2.0?	3	2	0	0

[5] Some of the responses we received contained confidential information. This has been excluded from the version published on the BSC Website but included in the version provided to SVG Members.

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Summary of CP1414 v2.0 CP Consultation Responses – host LDSOs				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1414 v2.0 proposed solution?	1	5	0	0
Do you agree that the draft redlining delivers the intent of CP1414 v2.0?	2	3	1	0
Will CP1414 v2.0 impact your organisation?	6	0	0	0
Will your organisation incur any costs in implementing CP1414 v2.0?	5	1	0	0
Do you agree with the proposed implementation approach for CP1414 v2.0?	1	5	0	0
Do you have any further comments on CP1414 v2.0?	5	1	0	0

Summary of CP1414 v2.0 CP Consultation Responses - Suppliers				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1414 v2.0 proposed solution?	3	0	0	0
Do you agree that the draft redlining delivers the intent of CP1414 v2.0?	3	0	0	0
Will CP1414 v2.0 impact your organisation?	0	3	0	0
Will your organisation incur any costs in implementing CP1414 v2.0?	0	3	0	0
Do you agree with the proposed implementation approach for CP1414 v2.0?	3	0	0	0
Do you have any further comments on CP1414 v2.0?	0	3	0	0

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Summary of CP1414 v2.0 CP Consultation Responses – non BSC Parties				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1414 v2.0 proposed solution?	15	0	0	0
Do you agree that the draft redlining delivers the intent of CP1414 v2.0?	15	0	0	0
Will CP1414 v2.0 impact your organisation?	8	7	0	0
Will your organisation incur any costs in implementing CP1414 v2.0?	14	1	0	0
Do you agree with the proposed implementation approach for CP1414 v2.0?	15	0	0	0
Do you have any further comments on CP1414 v2.0?	2	13	0	0

Comments on the proposed solution

Despite the majority of respondents being in favour of the CP, it is worth noting from the above summary tables that there are different views from different types of Parties. The responses below are categorised by 'BSC related' and 'wider issues' (i.e. issues relating to the DCUSA and market competition) and by Party types.

BSC-related comments

Embedded LDSOs

All the five embedded LDSOs responded to the CP1414 v2.0 consultation. Four of them agreed with the proposed CP1414 v2.0 solution.

The majority of embedded LDSOs believed that the proposed CP solution would reduce the number of small inventories on embedded LDSO networks that UMS customers are required to trade, and would therefore reduce costs and administration for the customers.

Two embedded LDSOs noted that currently UMS customers may accidently or intentionally add embedded LDSOs' inventories to host LDSOs' MSIDs. CP1414 v2.0 would therefore apply governance to the inventory management process.

One embedded LDSO believed that, under the current process, there is a possibility that UMS Apparatus could be either double-counted or missed off by LDSOs. CP1414 v2.0 would minimise this risk and improve accuracy for Settlement.

Host LDSOs

All the six host LDSOs responded to the CP1414 v2.0 consultation. Five of them disagreed with the proposed CP1414 v2.0 solution.

One host LDSO noted that currently, under BSC Section S 'Supplier Volume Allocation', Suppliers can only provide data to a LDSO that is associated with its Distribution System. The LDSO had a concern that, under the proposed CP solution, Suppliers might be in breach of the BSC.

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Two host LDSOs commented that the inventories can only be combined from embedded LDSO MSIDs to host LDSO MSIDs but not the other way. There could be cases where embedded LDSO MSIDs contain larger inventories than those of host LDSO MSIDs' or a customer no longer wants a combined inventory, in which cases the CP proposed solution would not work.

One host LDSO believed that Settlement accuracy will be compromised by the change as host LDSOs will be required to submit D0052 'Affirmation of Metering System Settlement Details' flows containing EAC values not only relating to their networks but also to those of other embedded LDSOs'. These inflated EACs would create inaccuracy which would affect DUoS billing to Suppliers, sales reporting and losses calculation.

Two host LDSOs commented that further agreements and contracts need to be developed if a Collection Agent is established under the proposed CP solution. The accessibility to customers and LDSOs' data is also a concern that needs to be addressed.

One host LDSO responded that there is insufficient impact analysis provided to show the financial impacts on Parties to implement the change. The LDSO believed that it is important for Parties to understand the costs and benefits of CP1414 v2.0 before a decision can be made.

One LDSO who operates both host and embedded networks believed that the significance of the identified problem on UMS inventories for embedded LDSOs can hardly be justified against additional costs that may arise from the implementation of the CP.

One host LDSO commented that 16 out of the 146 local authorities responded to the previous CP1414 v1.0 consultation, which is a small proportion of the population and does not represent a consensus of customer preference.

Non-BSC Parties

All the local authorities (UMS customers) who responded to the CP1414 v2.0 consultation believed that they would benefit from the proposed CP solution due to the simplified inventory management process and reduced costs and administration.

One UMS customer confirmed that, due to the loads on embedded LDSOs' inventories being insignificant, currently they either deliberately miss off the equipment on the inventory submission or add embedded LDSOs' inventories to host LDSOs' MSIDs as a "mistake". The respondent believed that the proposed CP solution would help improve their current process.

Wider issues

Embedded LDSOs

The majority of embedded LDSOs believed that the proposed CP1414 v2.0 solution would remove the barriers for UMS customers awarding contracts to embedded LDSO, as a result of simplified inventory management process and cost savings. They considered that it would therefore promote effective competition in the UMS connection and distribution markets.

Two embedded LDSOs believed that the proposed CP solution would improve accuracy of inter-distributor billing for those embedded LDSO MSIDs that have low kWh consumption

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volumes. This is because the volumes would round to 0.000 MWh to three decimal places and therefore they cannot be billed.

Two embedded LDSOs believed that the proposed CP solution would encourage more Suppliers to provide UMS services on embedded LDSO networks due to the simplified inventory management process.

Two embedded LDSOs stated that, currently, host LDSOs are providing UMS services for exit points that are not directly connected to their own networks. Hence the embedded LDSO UMS customers are contributing to the maintenance of host LDSOs' networks through inter-distributor charges.

Host LDSOs

The majority of host LDSOs commented on the dependence between CP1414 v2.0 and DCP203.

Four LDSOs believed that the decision on whether CP1414 v2.0 should be approved would be reliant on the outcome of DCP203. DCP203 proposes to amend the existing inter-distributor billing processes, to reduce the number of MSIDs required to be raised by embedded LDSOs.

One LDSO stated that the change to inter-distributor billing should be DCUSA-led and CP1414 v2.0 should not be approved unless the DCUSA change has been made.

Two LDSOs suggested that the key justification for CP1414 v2.0 is the excessive number of MSIDs required by UMS customers who are connected to embedded LDSOs' networks. DCP203 would be a more appropriate solution to rectify the issue associated to CP1414 v2.0 as it would reduce the number of MSIDs required by UMS customers while keeping the responsibilities of Parties unchanged[6].

Comments on the proposed redlining

Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
1.2.1 (r)	'that is disconnected' – surely the discussions will take place prior to a 'disconnection' taking place with an agreed effective to date of such a disconnection whereby the inventory has been summated with that of the Host LDSO. Amend accordingly.	Agree with the comment.
1.2.1(r)	'customer' should be 'Customer'	Agree with the comment.
1.2.1 (s)	'customer' should be 'Customer'	Agree with the comment.
1.2.1 (s)	This effectively states that no such arrangement (summated LDSO inventories) can exist without the	Disagree with the comment. We do not believe the DCUSA change impacts this redlining.

[6] We do not completely agree with this view. See Section 7 'Relationship between CP1414 v2.0 and DCP203' for details of our rationale.

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Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
	DCUSA changes being in place. We are comfortable with this arrangement but good practice is to have both change proposals being discussed in parallel resulting in no such cross code compliance being needed.	
1.2.4.1	We have two unmetered supplies certificates here, one issued by each LDSO (in order to comply with BSC, section s, para 8.2.3). Where is the obligation to summate the two since as a minimum one of these would be 'disconnected'. The proposer states that they will still be responsible for the EAC and unmetered certificate but as per the legal text throughout the rest of this document we do not believe that this will be the case unless fundamental changes are made to make it so.	Disagree with the comment. No redlining is proposed to 1.2.4.1. BSC Section S 8.2.3 relates to LDSOs and EAC certificates and this section relates to Meter Administrators' responsibilities of receiving the summary inventory (combined or not). We cannot see the connection to 1.2.4.1.
1.3.1	Needs "networks" after "Host and Embedded LDSO" in the first line of the redlining. Suggest rewording as follows: "Where a customer has Apparatus connected to both the Host and Embedded LDSOs' networks…." Typo later in paragraph "LDDO" should be "LDSO".	Agree with the comment.
1.3.1	This clause is subject to clause 1.2.1(s). It may therefore be sensible to reflect such a situation at the beginning of this clause.	Agree with the comment.
1.3.1	'customer' should be 'Customer'	Agree with the comment.
1.3.1	Where is 'Host' defined? It may be better to say 'Host LDSO'	Agree with the comment.
1.3.1	'Host LDDO' should read 'Host LDSO'.	Agree with the comment.
1.3.2	There will not be a unique MSID per UMS Certificate. This needs to be amended since later on it is clear that the Embedded UMSO will issue a certificate.	Clarification is required on the detail to be provided on the EAC certificate to the customer from the Embedded LDSOs.

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Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
1.3.4	How will this work? What processes will the NHHDC need to put in place?	Disagree with the comment. There is no redlining to 1.3.4. This is a 'Business As Usual' process for Non Half Hourly Data Collectors (NHHDCs) and will not require any change.
1.3.5	How will this work? We have a situation here whereby we have a 'disconnected' MSID with an EAC still living on.	Clarification is required on the detail to be provided on the EAC certificate to the customer from the Embedded LDSOs.
1.3.7	If an MSID is disconnected, how can they appoint more than one UMSO. Effectively we end up with more obligations on the Host LDSO that the proposer does not believe is the case and is not reflected correctly in this consultation document. This BSCP is written from the perspective that each MSID has an EAC and is traded until it is disconnected. We have a concern here that the BSC and the BSCP are not aligned with the current thinking of the working group and the expectations of this change proposal. We do not intend to walk through each at this stage apart from commenting on the rest (apart from a high level view) of the legal text changes.	Disagree with the comment. There is no redlining to 1.3.7. Disconnection of data will be seen in the registration system. Non Half Hourly Data Aggregators (NHHDAs) will not process EACs where MSIDs are disconnected.
1.7.2	Clarify as: "Embedded UMSO" means the UMSO operating for the Embedded LDSO	Agree with the comment.
1.7.2	Clarify as: "Host UMSO" means the UMSO operating for the Host LDSO	Agree with the comment.
3.1.1	Amend second paragraph to read: "Agree the inventory of Apparatus with the Customer, which shall include any Apparatus that may be connected to an Embedded LDSO's network where applicable in accordance with paragraph 1.3.1." Delete the remaining amendments as it relates to inter DNO DUoS charging processes.	Agree with the comment.

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Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
3.1.1	Since this section is about establishing a new UMS inventory there should be no changes whatsoever to this section since movement can only take place to an existing inventory and where they have a greater consumption than the embedded one. The very fact that this is a new one means we are starting from a zero inventory.	Disagree with the comment. The redlining merely identifies how host LDSOs will be informed of what additional embedded network connected items have been included in the newly established inventory by the customer.
3.2.1	Amend action to read; "Send proposed revised detailed inventory to UMSO, which shall include any Apparatus that may be associated with an Embedded LDSO's network in accordance with paragraph 1.3.1."	Agree with the comment.
3.2.1	We need to differentiate between Embedded UMSO and Host UMSO since it could be either	Disagree with the comment. UMSO refers to both host EMSO and embedded EMSO.
3.2.2	Delete proposed new action as it relates to inter DNO DUoS charging processes.	Agree with the comment.
3.2.2	This only talks about 'remove' what about 'add'. It may be better to say 'amend'	Agree with the comment.
3.2.2	When we say 'ETD' do we mean 'EFD'	Agree with the comment.
3.2.4	We need to differentiate between Embedded UMSO and Host UMSO since it could be either	Disagree with the comment. UMSO refers to both host EMSO and embedded EMSO.
3.2.10	The Embedded UMSO also needs to notify the Host UMSO.	Disagree with the comment. The EAC will be calculated based on the combined inventory by the host LDSOs.
3.3.1.2	This needs to be reviewed whereby a change of Supplier understands that there is an Embedded UMSO relationship with the Host UMSO for the MSID they have gained since the UMS certificate will not be the summated one but there is another one linked to a 'disconnected' MSID.	Disagree with the comment. There should be no impact on Suppliers' 'Business As Usual' processes.

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Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
3.3.1.9	As 3.3.1.2	Disagree with the comment. There should be no impact on Suppliers' 'Business As Usual' processes.
3.3.2.2	As 3.3.1.2	Disagree with the comment. There should be no impact on Suppliers' 'Business As Usual' processes.
3.4.4	Same issue as above with split inventories being maintained.	Disagree with the comment. There should be no impact on Suppliers' 'Business As Usual' processes.
3.6	Same issue relating to unmetered certificates	Disagree with the comment subject to clarification on certificate content.
3.7	If the Host UMSO has an inventory less than the Embedded UMSO due to de-energisation, the Embedded LDSO will have to create a new MSID. Where is this to be captured?	Unlikely scenario, but it would need consideration if new MSIDs would be required or if host LDSOs will be required to continue. However, this point and 3.8 refer to the whole MSID not individual items of Apparatus.
3.8	Same issue as de-energised process. In fact this is the key process that needs further consideration.	See above.
3.8.2	The proposed new action relates to inter DNO DUoS charging processes, although agree that it may be necessary to clarify that disconnection of an embedded network MPAN may result from combining Host and Embedded inventories. "Complete any physical work as required. Physical work will not be required where existing UMS equipment is migrated from one inventory to another inventory, e.g. adoption of lighting on a new development by the highway authority, including Apparatus that may be associated with an Embedded LDSO's network in accordance with paragraph 1.3.1. Send actual Disconnection date."	Agree with the comment.

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Comments on the CP1414 v2.0 Proposed Redlining		
BSCP520	Comment	ELEXON's Response
3.9.2	Should we reference the split processes from each UMSO here and the need for the NHHDC to summate the data	Disagree with the comment. It is the EAC that is split not the inventory. The host LDSO will split the EAC for the NHHDC and it does not get summated.
3.9.2.7	How can this work for the Embedded UMSO associated with a disconnected MSID. It needs to contain notification to the Host UMSO.	Disagree with the comment. EACs would be corrected by the host LDSO.
3.11	Consolidation of EACs required here.	Disagree with the comment. Host LDSOs would provide this data.
4.5.4	Should forward read forwarded?	Agree with the comment.
Whole document	There is a need for a clause by clause review to this BSCP, the BSC and the Operational Information Document to ensure that Embedded UMSOs have obligations when their inventories are being summated by the Host UMSO and the current processes need to reflect such a situation together with obligations on each market participant including the Customer, Host UMSO, Embedded UMSO, Host LDSO, Embedded LDSO, MA, DCs and Suppliers.	Disagree with the comment. Since the inventories are customers' and not host LDSOs', we do not understand the comment. Inventories will not be 'summated'. The EAC will be calculated and split based on the combined inventory. The embedded LDSOs will merely be informing the host LDSOs which items are included.

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7 ELEXON's View

Relationship between CP1414 v2.0 and DCP203

Background of DCP203

DCP203 seeks to harmonise the discount factors (used for inter-distributor billing) to be applied to the 'All The Way' (ATW) tariff against embedded LDSO UMS MSIDs. Under the current arrangements, embedded LDSOs are obliged to raise more than one MSID for the same customer Profile Class, within a single Grid Supply Point (GSP) Group, where the embedded LDSO's network is connected to the host LDSO's network at more than one network level. A separate MSID is required for each additional network level that the embedded LDSO network connects to.

DCP203 would remove this requirement. However it still does not address the problem that UMS customers must trade additional MSIDs for each embedded LDSO due to the fact that a tiny proportion of its inventory is supplied via embedded LDSOs' networks.

Ofgem publication regarding the UMS inventory issue under the BSC

Ofgem published the findings of its review of the electricity connections market on 21 January 2015, in which it suggests that a change should be made to the BSC to address the issue with UMS inventories connected to an embedded network. Section 3.37 of the document states the following:

Unmetered supply inventories

3.37. Billing arrangements between a supplier and a large customer (eg a local authority) may become more complex and costly if the customer has unmetered assets (ie street lighting) on both a DNO and an IDNO network. We understand that this issue results from the arrangements of the Balancing and Settlement Code. This code is administered through open governance process, which allows parties to propose changes to the code for consideration by the industry and if appropriate, approval by us. We encourage parties to propose modifications that will address this issue.

Despite the link between CP1414 v2.0 and DCP203, we understand that DCP203 is currently at the consultation stage and a decision is yet to be made. We therefore believe that CP1414 v2.0 should be considered independently from DCP203.

Our view

We note the split of views between the embedded LDSOs and the host LDSOs who responded to the CP Consultation. We also note the views from non-BSC Parties, especially those from the UMS customers.

We note the concerns and questions from host LDSOs on the CP1414 v2.0 proposed solution, although some of these are answered by the Proposer in the additional note included in Attachment C.

Although we have not received a response from all UMS customers, all of the 13 UMS customers (local authorities) who responded to the consultation believed that the current UMS inventory management process creates additional costs and administration for customers. As stated in the responses, there is a possibility that UMS inventories could be missed out or double counted by LDSOs and that customers add UMS inventories to the

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incorrect LDSOs' MSIDs. Additionally, an issue identified by the BSC Auditor is that there are UMS connections without an appointed Supplier. Furthermore, there is another issue relating to situations where daily allocated proportion of the EAC rounds to zero.

Based on the above, we believe that the issues identified by CP1414 v2.0 do exist and would create inaccuracy for Settlement. However, we note that the materiality to Settlement is likely to be small.

We are uncertain that the estimated implementation and on-going costs identified by one LDSO are realistic without further detail on how these estimates were derived. We would expect additional LDSO costs would be marginal since they are already managing these inventory submissions and additional items would be added by the customer. In reality, it is the financial impact on the customer that is a key issue. Further analysis has been presented by the Proposer in 3.2 of Attachment C to this report. This analysis suggests that it is the financial impacts on customers that are creating issues impacting competition in connections. We note that Ofgem also has a concern on these costs being imposed on the customers.

In conclusion, we believe that these issues impact Settlement but the materiality of impact is likely to be small. These issues could have a more significant impact on competition in the UMS connections market and have a financial impact on non-BSC Parties (i.e. UMS customers).[7] The CP solution relies on host LDSOs, yet all but one of the LDSOs do not support it – creating risks to an efficient implementation. As the key impacts identified are beyond the scope of the BSC, Ofgem may be better placed to consider solutions to the issues identified. Therefore, we are recommending that this CP should be rejected.

[7] While the Applicable BSC Objectives refer to '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', competition in distribution and in the UMS connections market falls outside the BSC.

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8 Final Committee Views and Decision

SVG's final views

ELEXON presented C1414 v2.0 to the SVG for decision at its meeting on 3 March 2015 (SVG169/04).

The SVG noted the Proposer's view that the issue put forward under CP1414 v2.0 is customer driven, having arisen from the costs of the additional MSID that customers have to maintain within embedded LDSOs' networks. They noted that costs can be of the order of £3,000 per annum for three street lights and are incurred by Local Authorities when they 'adopt' the relevant UMS inventories.

The Distribution System Operator (DSO) representative on the SVG disagreed with the Proposer, believing that the majority of host LDSOs' comments are valid. They noted that administration costs would be incurred by host LDSOs in tracking the consumption within their networks. They also noted that Local Authorities are obliged to adopt the relevant inventories when new roads are completed. They agreed with the view of one LDSO, who operates both host and embedded networks, that the existing arrangements do not present significant cost barriers to embedded LDSOs.

The SVG considered CP1414 v2.0 against the Applicable BSC Objectives, with the view being that CP1414 v2.0 would have more of an impact on competition within the UMS and distribution areas, and would financially impact non-BSC Parties such as UMS customers. However, Members believed that the issue of competition in the UMS connection and distribution markets are outside the scope of the BSC as Applicable BSC Objective (c)[8] only refers to 'promoting effective competition in the generation and supply of electricity'.

SVG Members noted the rationale for CP1414 v2.0 and had sympathy for the Proposer and UMS customers, feeling that parts the solutions are morally right. However, the SVG believed that it could be expensive to address the issue as proposed, while its materiality on Settlement could be minimal.

Final decision

The SVG has:

- **REJECTED** CP1414 v2.0.

[8] 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'

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Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
ATW	'All The Way' *(a type of tariff)*
CP	Change Proposal
CPC	Change Proposal Circular
DCUSA	Distribution Connection Use of System Agreement *(industry Code)*
DSO	Distribution System Operator
DUoS	Distribution Use of System
EAC	Estimated Annual Consumption
GSP	Grid Supply Point
LDSO	Licensed Distribution System Operator *(BSC Party)*
MA	Meter Administrator
MSID	Metering System Identifier
NHHDA	Non Half Hourly Data Aggregators *(Party Agent)*
NHHDC	Non Half Hourly Data Collectors *(Party Agent)*
OID	Operational Information Document
SVG	Supplier Volume Allocation Group *(Panel Committee)*
UMS	Unmetered Supply
UMSO	Unmetered Supplies Operator

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0030	Non Half Hourly DUoS Report
D0052	Affirmation of Metering System Settlement Details

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

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External Links		
Page(s)	Description	URL
2	BSCPs page on the ELEXON website (for BSCP520)	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/
2	Charge Codes and Switch Regimes page on the ELEXON website (for the OID)	https://www.elexon.co.uk/reference/technical-operations/unmetered-supplies/charge-codes-and-switch-regimes/
3	CP1414 page on the ELEXON website	https://www.elexon.co.uk/change-proposal/cp1414/
6	DCP203 page on the DCUSA website	http://www.dcusa.co.uk/Lists/Change%20Proposal%20Register/DispForm.aspx?ID=214&Source=http%3A%2F%2Fwww%2Edcusa%2Eco%2Euk%2FSitePages%2FActivities%2FChange-Proposal-Register%2Easpx%23InplviewHasheedde852-0231-4b85-87ff-0f14d79826f5%3DPaged%253DTRUE-p_DCP%253D214-p_ID%253D234-PageFirstRow%253D11&ContentTypeId=0x0100684A1DE09E1F9740A444434CF581D435
7	SVG160 page on the ELEXON website	https://www.elexon.co.uk/meeting/svg-160/
19	"The findings of our review of the electricity connections market" document on the Ofgem website	https://www.ofgem.gov.uk/publications-and-updates/findings-our-review-electricity-connections-market
20	SVG169 page on the ELEXON website	https://www.elexon.co.uk/meeting/svg-169/

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