

Change Proposal – BSCP40/02	CP No:1442 <i>Version No: 1.0</i>
<p>Title Clarifying the application process for Metering Dispensations</p>	
<p>Description of Problem/Issue</p> <p><u>Background</u> Section L ‘Metering’ of the Balancing and Settlement Code (BSC) requires Metering Equipment to comply with the requirements set out in the relevant metering Code of Practice (CoP) at the time the Metering Equipment is first registered for Settlement as a Metering System. Where, for financial or practical reasons, Metering Equipment will not or does not comply with a CoP requirement, the Registrant¹ can apply for a Metering Dispensation from that CoP requirement. The Metering Dispensation process is set out in BSCP32 ‘Metering Dispensations’. Applications for Metering Dispensations need to be presented to, and approved by, the BSC Panel².</p> <p><u>Issue</u> The BSCCo often experience delays and inefficiencies in the Metering Dispensation application process resulting from the exclusion of essential information from the initial application form (BSCP32/4.1.). As a result, processing times and costs are increased for the BSCCo, with delays for the raising Party.</p> <p>There are four main areas where the BSCCo experience delays and inefficiencies due to insufficient information, and these are as follows:</p> <ul style="list-style-type: none"> • Firstly, the applicant is not required to state the type of Metering Dispensation sought (i.e. lifetime or temporary) on the application form (BSCP32/4.1). Therefore, the justification in the Metering Dispensation application does not always adequately justify the type of Metering Dispensation requested. In turn, the BSCCo are required to liaise with the raising Party to obtain further details to support the application so that it is not deferred when presented to the relevant Panel Committee. • Secondly, the applicant is required to state in form BSCP32/4.1 the materiality, if installed with the relevant CoP, and the materiality of the proposed solution. However, there is no justification around the materiality figures presented. This means that the relevant Panel Committee is unable to confirm whether the materiality is in accordance with the expected level for the non-compliance. This can delay the decision which, if the Metering Dispensation is deferred due to a lack of information, may result in the applicant being uncompliant with the BSC for a further period of time. 	

¹ In the case of site specific Metering Dispensation applications. The Panel may, on its own initiative or upon the application of a Party, establish Metering Dispensations that apply to any item of Metering Equipment (i.e. generic Metering Dispensations).

² The BSC Panel has delegated responsibility for the CoP documents to two of its BSC Panel Committees: the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG). ISG is responsible for the CoP 1, 2, 3 and 4 documents and SVG is responsible for the CoP 3, 4, 5, 6, 7, 8, 9 and 10 documents. Metering Dispensation applications against CoPs 3 and 4 therefore need to be approved by both committees.

- Thirdly, the applicant for a Metering Dispensation is currently required to state on the application form (BSCP32/4.1) if they wish the application to be treated as confidential. This ensures that all details of the application, including site name, reason for the application, costs to install compliant Metering Equipment, Settlement materiality impact, Panel decisions etc., are not available in the public domain. Where the raising Party requests confidentiality, the BSCCo liaises with the applicant to establish whether the whole application is confidential and seeks justification for this. If the whole application is not justifiably confidential, the BSCCo will clarify which parts are confidential and why. In many cases the applicant and the BSCCo agree the information in the application form (or attachments) that can be made public and the information that must be kept confidential. However, this process can be lengthy and causes inefficiencies for the BSCCo in processing Metering Dispensation applications, and causes delays to the outcome of the application for the raising Party.
- Finally, the Metering Dispensation Review Group (MDRG) is engaged in providing a professional, independent opinion on all Metering Dispensation applications to be included in the Paper presented to the Panel Committee. However, the MDRG are not always provided with adequate, high quality information in order to provide their guidance to the required level. This can result in responses that are not sufficient for the Panel Committee to make full use of. Due to the lengthened timescales in requesting this further information from the applicant, the process efficiency is decreased and the length of noncompliance for the Metering System could be increased, potentially leading to Settlement errors.

Proposed Solution

It is proposed that guidance will be provided within [BSCP32](#) on how to populate the Metering Dispensation application form for submission. This guidance will help to inform the applicant of the level of detail required for the BSCCo to progress the application and for the relevant Panel Committee(s) to make an informed decision.

Form BSCP32/4.1 will be amended to include the type of Metering Dispensation sought by the applicant, be it Lifetime or Temporary (with justified timescales and reasoning for Temporary applications). The length of Dispensation sought will be looked into in conjunction with the materiality as explained below to enable the MDRG and Panel Committee(s) to make informed recommendations and decisions.

Materiality figures presented to the BSCCo supporting the Metering Dispensation application should be not only presented but justified to support the type and length of Dispensation required. Along with the current materiality values ('If installed in accordance with the relevant Cop', and 'Proposed solution'), the estimated materiality to Settlement and the estimated materiality to business revenue will also be requested.

The materiality to revenue will refer to the projected impact upon the raising Party if the Metering Dispensation were to be rejected by the Panel Committee. Further to the materiality figures, a justification area will be provided for the inclusion of supporting evidence to validate figures provided. Justification may include, but not exclusively include images of the non-compliance to show the reasons behind any excessive materiality claims.

Finally, a risk figure should be attributed to inform the BSCCo, Panel Committee and MDRG of the risk that the proposed solution does not correct the non-compliance. Such risk figure should be derived by the following formulae, with both impact and probability being scored from 1 – 5 (being highest impact/probability). $\text{Impact} * \text{Probability} = \text{Overall Risk Rating}$.

Changing BSCP32 and the BSCP32/4.1 application form will ensure that applicants are required to be more specific in the information that they wish to be kept confidential within Metering Dispensation applications. All information will be assumed as public unless the applicant requests otherwise with supporting evidence, directly to the BSCCo at the time of submission in either letter form or via a follow-up conversation within a reasonable time period with the BSCCo.

In cases where confidentiality is justified, having been accepted by the BSCCo, the following information will be made public via the Panel Committee documents and ELEXON website (unless agreed with the BSCCo):

- the site name;
- dispensation number;
- expiry date; and
- recommendations.

Complete anonymity may be requested by the raising Party for reasons that may include, but not be exclusive to substantial reputational or corporate damage due to issues outside of the control of the business, or for security concerns. Requests for complete application confidentiality as depicted must be formally submitted to the BSCCo in letter/written form, within 10WD of the Metering Dispensation application as this is determined a reasonable timescale.

In terms of the layout of the Metering Dispensation application form, updates should be made so that justifications are placed closer to the data/information provided, with such information being linked in a logical fashion. For instance, the materiality section should be moved to coincide with the type and length of Metering dispensation sought as these two factors are closely linked in terms of the determination by the Panel Committee.

The updates to BSCP32 and the BSCP32/4.1 Metering Dispensation application form would enable the MDRG to provide more valued, complete and informative guidance to the relevant Committee Panel. Once more, efficiencies are improved in this area of the process

Given the assistance and increased detail that this process change incorporates, the BSCP32/4.1 application form should clearly state that Metering Dispensation applications will not be accepted or progressed unless all applicable fields are populated accordingly.

See ‘Attachment’ A for redlining to the relevant BSCP32 sections, and the BSCP32/4.1 Metering Dispensation application form.

This CP will expand upon the current wording in BSCP32 to give greater clarification and guidance on the application process of a Metering Dispensation.

Justification for Change

Requiring applicants to justify the type of Metering Dispensation required will ensure that all

determinations by the relevant Panel Committee are informed and confirmed by appropriate justification from the raising Party.

More in depth materiality inclusions with justification in the Metering Dispensation application would ensure that the appropriate determination in terms of timescale and type is made for the nature of the non-compliance.

In relation to confidentiality, by encouraging applicants to keep more information public, greater transparency in the Metering Dispensation process will be achieved. By releasing more information regarding each Dispensation into the public domain, applicants may be more inclined to comply with the BSC, instead of seeking a Metering Dispensation for a non-compliance.

By requesting more information in at the Metering Dispensation application stage, the MDRG comments and recommendations will be more relevant and useful for the Panel committee in making a determination.

The BSCCo considered the option of giving further oral guidance to applicants of a Metering Dispensation in supplying more detail and information at the application stage. The BSCCo also considered written guidance to the industry for training purposes on the information that should be included in within the BSCP32/4.1 application form. However it was felt that this would not satisfactorily resolve the issue as guidance may not be adequate in the long term to rectify the lack of efficiency currently observed in the process. The BSCCo considers a formal BSCP process change to be more effective.

The risk of the process remaining in its current state is the continued lack of efficiency in processing Metering Dispensation applications, when time and resource would be more effectively spent on other work in the BSCCo/raising Party, or in analysing the Dispensation application. Questions on the transparency of Metering Dispenations may also be raised and BSC Parties may question why details are not published or justified within applications.

To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code?

Section L 'Metering'.

Estimated Implementation Costs (mandatory by BSCCo)

The estimated implementation costs will be determined as part of this Change Proposal's Assessment.

Configurable Items Affected by Proposed Solution(s) (mandatory by originator)

BSCP32 'Metering Dispenations'

Impact on Core Industry Documents or System Operator-Transmission Owner Code

None identified.

Related Changes and/or Projects

None.

Requested Implementation Date (mandatory by originator)

5 November 2015, as part of the November 2015 BSC Release.

Reason:

This is the next available BSC Systems Release.

Version History

Version 1.0

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Attachments: **Y/N****(delete as appropriate)*

Attachment A – redlining of BSCP32