

Assessment Procedure Consultation Responses

P349 'Facilitating Embedded Generation Triad Avoidance Standstill'

This Assessment Procedure Consultation was issued on 20 February 2017, with responses invited by 13 March 2017.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Npower Group PLC	6/1	Generator, Supplier, Non Physical Trader and Supplier Agent
TMA Data Management Ltd	0/5	Supplier Agent: HHDC, HHDA, NHHDC, NHHDA, MOA
ScottishPower	2/2	Generator, Supplier, ECVNA and Supplier Agent HHDA
National Grid Electricity Transmission	1/0	Transmission Co.

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Version 1.0

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Question 1: Do you agree with the Workgroup's initial unanimous view that P349 does better facilitate the Applicable BSC Objectives than the current baseline?

Summary

Yes	No	Neutral/No Comment	Other
3	1		

Responses

Respondent	Response	Rationale
Npower Group PLC	No	<p>Npower does not agree that P349 facilitates the BSC objectives, as per our response to the August 2016 Assessment Procedure Consultation. To reiterate, please see our response towards each relevant objective below:</p> <p>(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence</p> <p>We are neutral towards whether P349 facilitates this objective.</p> <p>(b) The efficient, economic and co-ordinated operation of the National Transmission System</p> <p>P349 does not better facilitate this objective as the development of systems and data flows to support CMP264 are likely to be disproportionately costly in terms of the terms of the temporary and partial nature of the benefits they will deliver when implementing the solution suggested.</p> <p>(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</p> <p>P349 does not better facilitate this objective as it does not improve competition as this modification introduces different rules for different Embedded Generators. (CM vs non CM).</p> <p>(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements</p> <p>We feel that P349 does not better facilitate this objective given the added complexity this modification delivers at significant expense for a limited time period only.</p>

Respondent	Response	Rationale
		<p>(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]</p> <p>N/A</p> <p>(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation.</p> <p>N/A</p> <p>(g) Compliance with the Transmission Losses Principle</p> <p>The decision Ofgem makes on CMP264 will make a difference to investment decisions and therefore will impact on Transmission losses (T-losses) in the long term. However, the proposed solution to implement P349 does not impact T-losses and should be selected on the basis of being the most efficient option which meets the needs of any CMP364 solution approved by Ofgem.</p>
TMA Data Management Ltd	Yes	<p>We agree that P349 better facilitates BSC objective a) the efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence.</p> <p>We do not agree that P349 would better facilitate 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.</p>
ScottishPower	Yes	<p>The introduction of new MCs and CCCs to deliver the required change requires a low impact change on existing functions performed by HHDA, which better facilitates the Applicable BSC Objective (d).</p> <p>The removal of Triad avoidance techniques results in a level playing field across all Parties, resulting in an accurate reflection of TNUoS charging across the market, which better facilitates Applicable BSC Objective (c).</p>
National Grid Electricity Transmission	Yes	We would agree with the workgroup's view.

Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P349?

Summary

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
Npower Group PLC	Yes	The draft legal text sufficiently delivers the intention of P348's proposed solution.
TMA Data Management Ltd	Yes	
ScottishPower	Yes	We note, however, based on Ofgem's minded to decision that Grandfathering is no longer applicable.
National Grid Electricity Transmission	Yes	The legal text appears to provide for the data required to deliver the intention of P349.

Question 3: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
3	1		

Responses

Respondent	Response	Rationale
Npower Group PLC	No	<p>The original targeted implementation date for P349 was June 2017 although general consensus across the industry was that this date was unachievable. Elexon has now pushed the date back to November 2017.</p> <p>However, given that the BSC modification is still at the Options stage, and that new DTC dataflows are being suggested, we believe that this date is still ambitious.</p> <p>As per our August 2016 AP consultation response, we feel any modification that makes such significant changes to the demand charging principles should allow a minimum of three years from the date of the Ofgem decision to implementation. This delay is necessary for suppliers and consumers because it enables systems and processes to be updated to accommodate the changes required. In addition it will enable current contractual agreements to unwind which will allow the required changes to be factored into future contracts.</p>
TMA Data Management Ltd	Yes	If CMP264 is approved, P349 would be required to be implemented in time for the triads of 2017/2018 to enable tariff setting justifying a Nov 2017 implementation date. However, should the implementation date of CPM264 be delayed, there would be no reason to implement P349 so quickly.
ScottishPower	Yes	We support the 2 November 2017 implementation as part of the November 2017 BSC System Release. This will allow ELEXON to collect metered data and send those to National Grid to support it setting TNUoS Charges that will take effect from 1 April 2018, and is in line with Ofgem's minded to position.
National Grid Electricity	Yes	We would agree with the recommended implementation date as we think this should happen as soon as possible. We would be keen for the

Respondent	Response	Rationale
Transmission		earliest implementation, i.e. November 2017, as this would provide a dataset to be available for part of the winter ahead of setting tariffs (under a new regime) for 2018/19. We are keen to ensure that any changes do not adversely affect other data we already receive.

Question 4: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P349 which would better facilitate the Applicable BSC Objectives?

Summary

Yes	No	Neutral/No Comment	Other
3	1		

Responses

Respondent	Response	Rationale
Npower Group PLC	No	<p>We disagree with the Workgroup's view that besides Option 3, there are no other solutions within the scope of P349 which facilitates the BSC objectives.</p> <p>Npower's preferred solution is Option 2, since the impacts to suppliers would be limited to having two sets of Demand TNUoS tariffs (Import and Embedded Generation). This option is also in line with the Ofgem Minded To position on CMP264.</p> <p>However, since no final decision has been made we feel it would be prudent to wait until Ofgem make their final ruling in May rather than start developing Option 3 before this. This is because option 2 is likely to fulfil the regulators determined solution and the other options would cause significant and most likely unnecessary work for many of the parties involved.</p>
TMA Data Management Ltd	Yes	
ScottishPower	Yes	
National Grid Electricity Transmission	Yes	N/A

Question 5: Will your organisation be impacted by the implementation of P349?

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
Npower Group PLC	Yes	<p>Npower's systems will be impacted by implementing P349. These changes need to be accommodated in the timeline for implementation as our internal pricing and billing systems would require changes along with customer contractual arrangements.</p> <p>Using Option 3 as the solution to P349 would also result in significantly high impact on systems and costs across our business.</p> <p>Introducing new Measurement Classes and Consumption Component Classes (CCC) would result in us having to change our systems for forecasting and to allow for the new data to flow into the system and for validation purposes.</p> <p>We would also see very high impact from this on our business segments who would have to change systems and processes across their sales, operations and commercial functions as well as make IT changes.</p>
TMA Data Management Ltd	Yes	Our HHDA system and procedures would be affected.
ScottishPower	Yes	There would be system changes required to accommodate the new MC and CCC values.
National Grid Electricity Transmission	Yes	As the recipient of the P02010 file we would be required to update a number of IS system to allow this data to be receive and processes in to our core TNUoS billing system.

Question 6: Will your organisation incur any costs due to the implementation of P349?

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
Npower Group PLC	Yes	P349 will necessitate system changes which will be costly. Further, existing contracts may need amending/renegotiating. Also as a low number of metering systems will be impacted by the implementation of P348, we do not think that the costs for implementation will outweigh the benefits.
TMA Data Management Ltd	Yes	We would incur medium one off costs and negligible on going costs.
ScottishPower	Yes	We would incur a small set-up cost, and some ongoing costs. The costs, however, won't be significant in comparison to the likely consumer benefits.
National Grid Electricity Transmission	Yes	<p>We are currently undertaking detailed assessment of the likely cost impact of the P348 proposed solution, and hope to provide this information soon. However initial costs are approximately £2million.</p> <p>At a high-level, we will require changes to the systems that accept and process additional data received in the P02010 file.</p> <p>Note in our assessment (ongoing) any changes to the billing / invoicing functionality of our systems arising from the changes to tariff structures and chargeable volumes proposed under CMP265 will not be included (as these are outside the scope of this modification).</p>

Question 7: Do you agree that implementation of option 3 would require a consequential CUSC Modification to extend the CMP266 solution to Measurement Classes 'K' and 'L'?

Summary

Yes	No	Neutral/No Comment	Other
3		1	

Responses

Respondent	Response	Rationale
Npower Group PLC	Yes	<p>Yes, Option 3 would essentially require a repeat of P300 where measurements classes F & G were introduced, and there would be very high costs involved in implementing it.</p> <p>As mentioned above, using Option 3 as the solution to P349 will have a high impact on systems and costs across our business. Introducing new Measurement Classes and CCC IDs would mean we would have to change our systems for forecasting in order to allow for the new data to flow into the system and for validation purposes. Our business segment would have a very high impact resulting in them having to change systems and processes across their sales, operations and commercial functions as well as make IT changes.</p>
TMA Data Management Ltd	No comment	
ScottishPower	Yes	
National Grid Electricity Transmission	Yes (possibly)	Dependant on whether classes K and L are classified as Half Hourly, this will impact whether a CUSC modification needs to be raised. If they are Non-Half Hourly then a modification will need to be raised.

Question 8: Do you have any further comments on P349?

Summary

Yes	No
3	1

Responses

Respondent	Response	Comments
Npower Group PLC	Yes	<p>We would like to highlight that during the course of this consultation request Ofgem have published their minded to position on CMP264/265. A consultation is now currently in progress on their minded to position which will close on 10th April with a final decision being made in May 2017.</p> <p>As no final decision has been made we feel it would be prudent to wait until Ofgem make their final ruling in May rather than start developing either of the other options (most likely option 3 as this has been identified as addressing any of the possible CMP264/5 outcomes) before this. This is because option 2 is likely to fulfil the regulators determined solution and the other options would cause significant and most likely unnecessary work for many of the parties involved.</p>
TMA Data Management Ltd	No	
ScottishPower	Yes	We believe that the focus should now be on Ofgem's minded to decision.
National Grid Electricity Transmission	No	N/A