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for energy consumers

Michael Gibbons
Chair of the BSC Panel
4th Floor
350 Euston Road
London
NW1 3AW

Direct Dial: 0207 901 9632
Email: dominic.green@ofgem.gov.uk

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Dear Michael,

Ofgem decision on urgency for BSC modifications P348 and P349

We do not consent to the requests of EdF Energy (the proposer of P348) and ScottishPower (the proposer of P349) and the BSC Panel's (the 'Panel') recommendation that the respective modification proposals be treated as urgent.

For the avoidance of doubt, in not granting the requests for urgency, we have made no assessment of the merits of the proposals and nothing in this letter in any way fetters our discretion in respect of these proposals.

The remainder of this letter outlines the background to the requests and provides further detail on Ofgem's decision not to grant urgency.

Background

On 1 July 2016, EDF Energy raised Balancing and Settlement Code (BSC) modification proposal P348 '*Provision of gross BM Unit data for TNUoS charging*' as urgent. P348[1] seeks to enable the Supplier Volume Allocation Agent (SVAA) to provide gross export and gross import data to the Transmission Company (National Grid Electricity Transmission (NGET)) to support proposed revisions to Transmission Network Use of System (TNUoS) charging methods under Connection and Use of System Code (CUSC) modification proposal CMP265 '*Gross charging of TNUoS for HH demand where embedded generation is in the Capacity Market'*.[2] P348 would enable the implementation of the CMP265 solution within the BSC.

On 4 July 2016, Scottish Power raised P349 '*Facilitating Embedded Generation Triad Avoidance Standstill*' as urgent. P349[3] seeks to introduce a requirement into the BSC for Suppliers to inform their Half Hourly Data Aggregators (HHDAs) which Metering System IDs (MSIDs) relate to 'New Embedded Generation'[4] when they are registered. Suppliers will also

[1] More information about P348 can be found on the Elexon website: https://www.elexon.co.uk/mod-proposal/p348/
[2] More information about CMP265 appears on National Grid's website: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP265/. CMP265 seeks to ensure that exempt embedded generators that win Capacity Market (CM) contracts would not receive a credit in respect of the demand residual TNUoS charge. EdF Energy (the proposer of CMP265) sought urgent treatment for the modification proposal which we refused in line with the CUSC Panel's recommendation.
[3] More information about P349 can be found on the Elexon website: https://www.elexon.co.uk/mod-proposal/p349/
[4] 'New Embedded Generator' is to be defined by the CMP264 Workgroup. The proposed definition is 'any half hourly metered embedded generation unit commissioned after 30 June 2017', with 'commissioned' defined as 'having an MPAN registered and having commenced generation'.

be required by P349 to pass metered data from these MSIDs to NGET in the most efficient and cost effective way. P349 would enable the implementation of the solution to CUSC modification proposal CMP264 *'Embedded Generation Triad Avoidance Standstill'*.[5]

BSC Panel view

Following a special meeting of the Panel on 4 July 2016, the Panel recommended unanimously to us to grant urgency to both P348 and P349 alongside urgent timetables for progressing the modifications.

Our Decision on urgency

We have considered the details of both proposals, the proposers' justifications for urgency and the Panel recommendation. We have assessed the request against the criteria set out in Ofgem's published guidance[6], in particular whether it is linked to "*an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)".*

We do not consider that urgent treatment is necessary for either modification. However, we do consider that the timetables for assessing P348 and P349 should align closely with the timetables for their associated CUSC modifications (CMP265 and CMP264 respectively) so we can receive all the relevant modifications for decision at the same time.

The urgency requests are based on a view that there is an imminent issue that may cause a significant impact on industry parties and others (in line with our guidance) and should therefore be addressed urgently. However, the BSC modifications seek to enable the implementation of their associated CUSC modifications. Therefore, the main driver of the solutions for P348 and P349 is the work on CMP265 and CMP264.

In rejecting urgent treatment for CMP265, we took the view that the CUSC modification process allows sufficient opportunity for industry to consider and submit their views in respect of modification proposals and that an accelerated, non-urgent, timetable would deliver this outcome. We consider that a similar approach applies to the BSC modification process for P348 and P349, to ensure industry can provide their views.

We note that the proposed urgent timetables for P348 and P349 do not align with the current timetables for assessing CMP264 and CMP265. In deciding that P348 and P349 should not follow an urgent timetable, we consider that Elexon should, through their joint working arrangements with NGET, establish a suitable accelerated non-urgent timetable for P348 and P349 so all the relevant CUSC and BSC modifications are delivered to us for decision at the same time. We expect the CMP265 and CMP264 Final Modification Reports (FMRs) to reach us in mid-October 2016. We would anticipate P348 and P349 could also follow an accelerated timetable of assessment, to include a Report Phase consultation of appropriate length in September, so that the FMRs reach us for decision in October.

Yours sincerely,

Frances Warburton
Partner, Energy Systems
Duly authorised on behalf of the Authority

[5] More information about CMP264 appears on National Grid's website: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP264/. CMP264 seeks to make changes to the Transport and Tariff model used by NGET and to billing arrangements for TNUoS by preventing generation from New Embedded Generators from being netted off HH demand over Triad, by Suppliers.
[6] The guidance document is available here: https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**