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## P441 Digital Meeting Etiquette

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- Welcome to the P441 Workgroup meeting 7 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use IM if you can't break through
- Talk – pause – talk
- Lots of us are working remotely – be mindful of background noise and connection speeds

# ELELEXION

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**P441 'Creation of Complex Site Classes'**

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Meeting 7

27 July 2023

# Meeting Agenda

Objectives for this meeting:

- Review the draft P441 redlining
- Determine whether there is an Alternative Modification and solution the Workgroup wishes to progress
- Confirm the Workgroup's initial views against the Applicable BSC Objectives
- Confirm the questions required for the Assessment Procedure Consultation
- Confirm the next steps

Agenda Item	Lead
1. Welcome and meeting objectives	Ivar Macsween (Elexon) – Chair
2. Workgroup meeting 6 summary and actions	Andrew Grace (Elexon) – Lead Analyst
3. Solution Overview and Redlining Review	Christopher Day (Elexon) - Market Design
4. Are there any Alternative Modifications?	Andrew Grace
5. Initial views against the Applicable BSC Objectives	Ivar Macsween
6. Recap on Terms of Reference	Andrew Grace
7. Next steps	Andrew Grace
8. AOB & Meeting close	Ivar Macsween



# WORKGROUP MEETING 6 SUMMARY

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## Workgroup meeting 6 summary

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- Elexon summarised the key points from the fifth Workgroup meeting and confirmed complex sites would bear network costs
- Elexon suggested a bespoke technical review group to manage Class 6 sites could be setup similar to the Metering Dispensation Review Group (MDRG) in order to provide recommendations to the relevant committee.. Elexon confirmed this does not require formal meetings and is managed via email as required. The application and approval processes involved would be similar to non-standard Balancing Mechanism Units
- Elexon confirmed the redlining would be principle based as opposed to prescribed and will include enough guidance and worked examples to support this approach
- Elexon confirmed parallel changes will need to be raised in both REC and DCUSA
- Elexon confirmed MHHS should not be included as part of an alternative Modification and any proposal needs to be against the existing baseline. Elexon confirmed alternatives could be raised post consultation, although this would require an additional consultation period if the WG agrees there is a viable alternative
- The WG confirmed they were not in a position to vote until they have visibility of the legal text



# REDLINING REVIEW

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## Updated Legal Text

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- BSC Section K 'Classification and Registration of Metering Systems and BM Units'
- BSCP502 'Half Hourly Data Collection for SVA Metering Systems Registered in SMRS'
- NEW: BSCP: Class 6 Complex Sites Applications
- NEW: ToR for Complex Sites Review Group
- NEW: Guidance Note for Class 5 Complex sites (to be expanded to other classes)



ARE THERE ANY  
ALTERNATIVE  
MODIFICATIONS?



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## Are there any Alternative Modifications?

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Does the Workgroup believe there are any Alternative Modifications that should be considered?

One formal Alternative is permitted under the BSC

Any alternative must be voted by majority to better facilitate the BSC objectives



DOES P441  
BETTER  
FACILITATE THE  
APPLICABLE BSC  
OBJECTIVES THAN  
THE CURRENT  
BASELINE?

## Does P441 better facilitate the Applicable BSC Objectives than the current baseline?

	<b>BSC Applicable Objectives</b>
a	The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission License
b	The efficient, economic and co-ordinated operation of the National Electricity Transmission System
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
d	Promoting efficiency in the implementation of the balancing and settlement arrangements
e	Compliance with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency [for the Cooperation of Energy Regulators]
f	Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitates the operation of a capacity market pursuant to EMR legislation
g	Compliance with the Transmission Losses Principle

## Proposer's Initial views against the Applicable BSC Objectives

Does P441 better facilitate the Applicable BSC Objectives than the current baseline?

BSC Objective	Position	View
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	Positive	<ul style="list-style-type: none"><li>• Introduces a formal process that enables suppliers to innovate solutions with local energy schemes, opening the choice of suppliers that local energy schemes and generators choose to partner with</li><li>• Provides a route to alternative offerings for suppliers and collective bargaining from customers – greater competition</li><li>• Provides suppliers confidence to use complex site arrangements</li></ul>
D - Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive	<ul style="list-style-type: none"><li>• Facilitates local balancing more widely by reducing complexities and burdens (disincentives), introducing procedures available to all BSC Parties</li><li>• Supports efficiency in the BSC arrangements</li></ul>

Neutral against all other objectives (a, b, e, f, g)



# TERMS OF REFERENCE

## Workgroup's initial views on each ToRs

ToR	Details	Workgroup's views
a)	Are the six classes identified by the Issue 88 Group correct?	The Workgroup agreed to the six classes that were identified by the Issue 88 Group.
b)	Define the criteria a site must meet to qualify for each Complex Site Class?	The Workgroup noted that each Complex Site Class must have clearly outlined criteria, and agreed to the criteria Elexon suggested for each Complex Site.
c)	What MSIDs need to be registered for each Complex Site Class?	The WG concluded that three of the proposed four options should be progressed and the appropriate guidance made available to support parties when dealing with any of the options
d)	What form should a central register of Class 5 Complex Sites take?	The Workgroup welcomed the idea of creating and maintaining a central register for the purpose of recording information about a Class 5 Complex Site.
e)	How should the notification process of a Class 5 Complex Site operate?	The Workgroup noted that it was prudent for Elexon to be notified of any updates to a Class 5 Complex Site. They agreed that the REC should be updated to mandate that SVA MOA are responsible for notifying Elexon.

## Workgroup's initial views on each ToRs

ToR	Details	Workgroup's views
f)	<p>What impact do Class 5 Complex Sites have on Network Charges and BSC Charges?</p>	<p>The WG noted that the proposed solution for Class 5 Complex Sites does not include processes for reporting to NGENSO the volumes of exempt supply generated and used within the Class 5 Complex Site. This means that BSUoS and TNUoS will be calculated using the Import and Export data submitted to Settlement (which reflects the energy flowing in and out of the Complex Site as a whole), and therefore there will be a potential benefit for customers within the Class 5 Complex Site, who will avoid these charges on any final demand sourced from exempt suppliers within the Complex Site. A majority of the Workgroup believed this was appropriate (given the benefits of local exempt supply), but the Workgroup noted that this would represent an exception to the general principle of charging on all final demand (and may mean that these charges avoided are picked up by other demand users less able to avoid them), which Ofgem will need to consider when reaching a decision on P441.</p> <p>A majority of the WG agreed that participating in a Class 5 Complex Site should not affect customers' or generators' DUoS charges, and noted that the P441 Proposer has raised DCUSA Change Proposal DCP42 to facilitate this, which is now being progressed in parallel with P441.</p> <p>A majority of the Workgroup agreed that (in order to avoid disproportionate complexity for exempt suppliers, Suppliers and HHDCs) HHDCs should not be required to adjust the volumes of exempt supply allocated within a Class 5 Complex Site to account for differences in Line Loss Factors or GSP Group Correction Scaling Weights within the Complex Site.</p> <p>The Workgroup noted that BSC Funding Shares and Residual Cashflow Reallocation Proportion are calculated from Suppliers' net demand, and therefore participating in a Class 5 Complex Site will not affect the BSC Charges or Residual Cashflow Reallocation Cashflow paid by customers' Suppliers.</p>

## P441 standard Terms of Reference

ToR	Details	WG initial views
g)	Will the site arrangements be forward looking and not retrospective?	The WG and Elexon recognises that some aspects of the solution will be retrospective. As such, a 12 months timeline shall be allowed for such retrospective updates to be made
h)	What should be considered as "Local" and "primary" substations?	The WG agreed to progress the option that will see all MSIDs placed under the same primary substation.
i)	What impact will P441 have on the MHHS Programme?	The WG did not identify any direct impact on the MHHS Programme. However, the WG noted that if the agreed P441 solution results in changes to the baselined MHHS design, then a MHHS Change Request (CR) will be required.
j)	How will P441 impact the BSC Settlement Risks?	Impacts on SVA Risks 001, 008 and 012, which relates to Metering points being registered incorrectly, metered data not being processed or transferred, and inaccurate Metering System Technical Details.
k)	<b>What changes are needed to BSC documents, systems and processes to support P441 and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?</b>	<b>BSC Section K, BSCP502, New BSCP for Class 6 Complex Sites Applications, ToR for Complex Sites Review Group, New Guidance Note. The redline requirements TBC in the seventh meeting.</b>
l)	<b>Are there any Alternative Modifications?</b>	<b>TBC in the seventh meeting</b>



## P441 standard Terms of Reference

ToR	Details	WG initial views
m)	Should P441 be progressed as a Self-Governance Modification?	The Workgroup agreed that P441 should not be treated as a Self-Governance Modification for the reasons outlined by the Proposer. Therefore, P441 will be submitted to Ofgem for decision.
n)	<b>Does P441 better facilitate the Applicable BSC Objectives than the current baseline?</b>	<b>TBC in the seventh meeting</b>
o)	Does P441 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?	The WG agreed that P441 will not impact on the EBGL provision therefore is not subject to the EBGL process.
p)	<b>What other industry Codes are impacted by P441</b>	<b>Changes are being made to both DCUSA and REC.</b>



# NEXT STEPS

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## Assessment Procedure Consultation Questions

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- Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P441 which would better facilitate the Applicable BSC Objectives? *(amended if one identified & additional questions to reflect the alternative solution)*
- Do you agree with the Workgroup that the draft legal text delivers the intention of P441?
- Do you agree with the Workgroup that the draft amendments to the CSDs deliver the intention of P441?
- Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?
- Will P441 impact your organisation?
- How much will it cost your organisation to implement P441?
- What will the ongoing cost of P441 be to your organisation?
- How long (from the point of approval) would you need to implement P441?
- Do you agree with the Workgroup's recommended Implementation Date?
- Do you agree with the Workgroup's initial unanimous/majority view that P441 does/does not better facilitate the Applicable BSC Objectives than the current baseline?
- Do you agree with the Workgroup's assessment that P441 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

## Progression plan – following extension request

<b>Event</b>	<b>Date</b>
Present IWA to Panel	14 July 2022
Workgroup meeting 1	31 August 2022
Workgroup meeting 2	6 December 2022
Workgroup meeting 3	17 January 2023
Workgroup meeting 4	21 February 2023
Workgroup meeting 5	21 March 2023
Workgroup meeting 6	2 May 2023
Workgroup meeting 7	27 July 2023
Assessment Procedure Consultation (15WDs)	September 2023 (subject to alignment with REC and DCUSA)
Workgroup meeting 8	October 2023
Present Assessment Report to Panel	9 November 2023
Report Phase Consultation	November/December 2023
Workgroup meeting 9 (Placeholder)	December 2023
Present Draft Modification Report to Panel	11 January 2024
Issue Final Modification Report to Authority	18 January 2024

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## Next steps

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- Share summary of Workgroup meeting decisions and actions
- Legal Text to be shared with Workgroup members
- Elexon to continue to work with RECCo and Electralink on REC and DCUSA changes, confirming joint timelines for Assessment Procedure Consultation
  - Assessment Procedure Consultation to be issued
- Elexon to schedule the eighth Workgroup meeting



AOB

MEETING CLOSE

# ELEXON

THANK YOU

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**Andrew Grace**

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