



## Stage 04: Draft Modification Report

Report Phase consultation closes on 11 November 2011

# P279: Correcting the BSC description of the CDCA to SVAA interface for GSP Group net Export

This Modification will correct a self evident error in the Code provisions relating to the CDCA to SVAA interface. It will correct the Code provisions so that their application facilitates the delivery of accurate Settlement where there is Export by a GSP Group.



Initially, the Panel recommends:

**Approval** of the P279 Proposed Modification (final decision to be made by the Panel on 8 December 2011)



Low Impact:

ELEXON

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

▶ 04 Report Phase

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P279  
Draft Modification Report

21 October 2011

Version 0.1

Page 1 of 10

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**Any questions?**

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## Contents

<b>1</b>	Summary	<b>3</b>
<b>2</b>	Why Change?	<b>4</b>
<b>3</b>	Solution	<b>7</b>
<b>4</b>	Impacts & Costs	<b>7</b>
<b>5</b>	Implementation	<b>8</b>
<b>6</b>	The Case for Change	<b>8</b>
<b>7</b>	Initial Panel Discussions	<b>9</b>
<b>8</b>	Recommendations	<b>10</b>
<b>9</b>	Further Information	<b>10</b>
	Attachment <b>A</b> : Legal Text Proposed	<b>10</b>

## About this document:

This is the P279 Draft Modification Report, which ELEXON will update following the P279 Report Phase consultation and present to the Panel on 8 December 2011. The Panel will consider the recommendations and agree a final view on whether or not this change should be made.

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xxx/xx

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P279  
Draft Modification Report

---

21 October 2011

---

Version 0.1

---

Page 2 of 10

---

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### Why Change?

Code provisions relating the data interface between the Central Data Collection Agent (CDCA) and Supplier Volume Allocation Agent (SVAA) do not require that CDCA systems treat GSP Group Export as a negative value. This self evident error could cause uncertainty among Parties as to how the BSC systems should operate. Addressing the error will clearly align the provisions of the Code with the promotion of accurate Settlement in relation to Export by GSP Groups.

### Solution

Amend Section R of the Code to clearly require that when data is sent from the CDCA to the SVAA an Export from a GSP Group must have a negative value.

### Impacts & Costs

P279 is a Code only change. It would have no affect on ELEXON's activities, BSC Parties and Party Agents, BSC Systems and process, Code Subsidiary Documents or contractual arrangements with service providers.

### Implementation

P279 requires only minimal changes to the Code, and if approved will be implemented 5 Working Days after approval by the Panel under the Self-Governance arrangements (following the Self-Governance appeals window of 15 Working Days).

### The Case for Change

The Panel believes that P279 better facilitates the achievement of BSC Objective (d) and considers that it is self evident that removing a clear error from the Code promotes efficiency in the BSC arrangements.

### Recommendations

The Panel's unanimous initial view is that P279 Proposed Modification should be approved and that it should be progressed as a Self-Governance Modification Proposal.

### Background

The Panel raised Issue 38, 'Potential Improvements to Credit Checking Rules to Support High Levels of Embedded Generation in North Scotland', in October 2009 to consider whether BSC processes would operate appropriately for Grid Supply Point (GSP) Groups with high levels of embedded generation.

The Issue 38 Group investigated a number of issues associated with increased levels of embedded generation. The Issue 38 Report of 10 December 2009 recommended that Modification Proposals should be raised to address three of the issues considered.

This Modification Proposal relates to one of these three issues, 'Issue 4: BSC description of interface from Central Data Collection Agent (CDCA) to Supplier Volume Allocation Agent (SVAA)'. A summary of previous Modifications relating to the two other recommended changes can be found in 'Related changes', below.

### Issue 38

Issue 38 identified that the description of the interface between the CDCA and SVAA in section R5.7.1 (b) of the Code is not suitable where a GSP Group Exports.

Generally, under the Code, flows of energy onto the Transmission System (Exports) are positive and flows of energy from the Transmission System (Imports) are negative. However, the Code recognises that data sent from the CDCA to the SVAA uses the opposite sign convention to maintain consistency with the operation of pre-existing SVAA software, i.e. for the purposes of the CDCA/SVAA interface Imports are positive values.

The Issue 38 Group considered that the reference to 'magnitude' in R5.7.1 implies that the provisions consider that a GSP Group will always Import. This is because, considered in the context of other Code provisions, the term 'magnitude' implies that the value being transferred from the CDCA will always be a positive value (which corresponds to Import). The Issue 38 Group concluded that the use of the term 'magnitude' is therefore incorrect because GSP Groups can Export. It should be noted that at the time of the Issue 38 Report no GSP Group had actually produced a net Export, but Export by a GSP Group has since occurred.

The Issue 38 Group was advised that the BSC Systems were capable of correct operation with respect to Export by a GSP Group. Export by a GSP Group since the Issue 38 Group made its report has shown this to be incorrect (see below) due to a defect in the CDCA software, but we do not believe this invalidates the Issue 38 Group's conclusions.

The Issue 38 Group recommended that a Modification Proposal should be raised on the grounds of efficiency to amend R5.7.1 (b) to make the requirement robust with respect to Exports (and aligned with way BSC Systems were, at that time, understood to operate). The draft legal text in Attachment B is based on the Issue 38 Group's recommended amendment to R5.7.1 (b).

Since the recommended change was a Code-only change, and understood to have no practical impact, it was agreed to be progressed when opportune. This has been our usual approach for minor amendments, intended to maximise the efficiency of their progression.



#### Why is Issue 38 relevant?

The Issue 38 Report recommended in 2009 that the Code should be changed to correct a self evident error.

Due to recent operational issues we believe the recommended change should be made now, to ensure the CDCA/ SVAA interface is consistent with accurate Settlement and to clarify how CDCA systems should operate.

xxx/xx

P279

Draft Modification Report

21 October 2011

Version 0.1

Page 4 of 10

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## Export by a GSP Group in practice

In early September 2011 three Settlement Periods occurred in which, for the first time, a GSP Group had an Export associated with it. The CDCA systems did not operate as anticipated, and reported the volumes to the SVAA as positive values (indicating Import) instead of negative values (indicating Export).

The positive volume reported by the CDCA affected the GSP Group Correction process in SVAA, causing it to calculate metered volumes for each Supplier in the GSP Group that did not sum to the correct total volume of energy of the GSP Group. This discrepancy caused SAA to reject the Supplier metered volumes calculated by SVAA. As a short term measure the SAA validation tolerance was increased so the BSC processes could proceed.

## Magnitude of CDCA software defect

Increasing the SAA tolerance enabled the volumes to be accepted by the SAA, but the discrepancy in volumes remained in Settlement. Effectively the CDCA reported the Export as an equal and opposite Import. This volume is shared amongst Suppliers in the affected GSP Group in proportion to their NHH demand, increasing the amount of demand allocated to them in that GSP Group; this increases their exposure to Imbalance Charges. Conversely, other Parties' Imbalance Charges are reduced by a decrease in the Transmission Losses assigned to them.

The volume associated with the CDCA system defect over the three affected Settlement Periods is 50.5MWh. Approximately 40MWh of this is associated with a single Party, equating to around a £1,500 ex VAT cost spread over the three Settlement Periods. The remaining volume (i.e. 10MWh) is spread primarily across three other Parties. The corresponding benefit of the discrepancy is spread across Parties through a reduction in their Transmission Losses.

## Addressing the CDCA software defect

Addressing the identified CDCA software defect is not part of P279. As it is a defect in the systems managed by our Service Providers we are pursuing a resolution of the issue outside the BSC Change Process.

When the software issue was identified an ELEXON circular was issued to appraise industry participants. We will communicate to the industry any significant matters regarding this issue or its resolution.

## The issue

The issue that this Modification Proposal seeks to address is that the relevant Code provisions that relate to the CDCA/SVAA data interface do not unambiguously require that CDCA systems treat GSP Group Export as a negative value. The provisions are unclear and refer to 'magnitude' (R5.7.1 (b)) which, when considered in the context of other BSC provisions, implies that both GSP Group Imports and Exports should be treated as positive values.

In the context of the issues with the CDCA systems caused by a software defect, this self evident error in the Code could cause uncertainty among Parties as to how the BSC systems should operate. Addressing the error will clearly align the provisions of the Code with the promotion of accurate Settlement in relation to Export by GSP Groups.

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xxx/xx

P279  
Draft Modification Report

---

21 October 2011

---

Version 0.1

---

Page 5 of 10

---

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## Related changes

No BSC changes directly relate to or interact with P279, but the following information may be useful as background.

### Previous Modifications relating to Issue 38

Beside Issue 4, to which this Modification Proposal relates, the Issue 38 Report concluded that Modifications should be progressed in relation to two other areas:

- Issue 1: Reduced accuracy of the Credit Checking Process; and
- Issue 2: GSP Group treated as Production.

At ELEXON's request the Panel raised Modification Proposal P253, 'Improving the accuracy of the credit calculation for SVA participants' to address Issue 1. P253 was approved by the Authority in November 2010 for implementation on 3 November 2011.

Approved Modification P269, 'Prevention of Base Trading Unit BMUs' Account Status Flipping from Consumption to Production', relates to Issue 2 and was raised by SmartestEnergy on 3 February 2011. P269 will be implemented on 23 February 2012.

## 3 Solution

### Proposed solution

This Modification proposes to amend the Code such that it clearly requires that when data is sent from the CDCA to the SVAA an Export from a GSP Group must have a negative value. This would be achieved by amending Section R of the Code as set out in the draft legal text in Attachment B.

### Question 2

Do you agree that the draft legal text delivers the intention of P279?

## 4 Impacts & Costs

### Implementation Costs

Estimated Implementation Costs	
ELEXON effort	1 man day, equating to approximately £240
Service Provider	Zero
Total	£240

### Impacts

The Proposed Solution is a Code only change, and would amend the BSC as set out in the draft legal text in Attachment B. Its implementation would have no affect on ELEXON's activities, BSC Parties and Party Agents, BSC Systems and process, Code Subsidiary Documents or the contractual arrangements with our service providers.

Impact on Code	
Code section	Potential impact
Section R: Collection and Aggregation of Meter Data from CVA Metering Systems	Amend such that R5.7.1 requires the CDCA to report a positive or negative value for GSP Group Take.

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P279  
Draft Modification Report

21 October 2011

Version 0.1

Page 7 of 10

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## 5 Implementation

### Implementation Approach

Implementation of the Proposed Modification would require only minimal changes to the Code. P279 will be implemented 5 Working Days after approval by the Panel under the Self-Governance arrangements (following the Self-Governance appeals window of 15 Working Days). Implementation would be on a prospective basis.

#### Question 3

Do you agree with the Panel's suggested Implementation Date?

## 6 The Case for Change

### Justification against the Applicable BSC Objectives

The Panel believes that P279 better facilitates the achievement of BSC Objective (d), 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

The Panel believes it is self evident that removing a clear error from the Code promotes efficiency in the BSC arrangements by ensuring that the practical intent of the BSC is clearly reflected and can be given effect, and that the provisions of the BSC unambiguously promote accurate Settlement.



### Direct to Report Phase

F2.2.4 of the Code states that the Panel may progress a Modification straight to the Report Phase if the Panel's recommendation on the Modification would generally be considered to be self evident.

The Panel noted that the Issue 38 Group had concluded that the current Code provisions relating to the CDCA/SVAA interface are not robust with respect to Export by GSP Groups and should be amended to correct this oversight.

The Panel unanimously agreed that P279 should proceed directly to the Report Phase. All Panel members believe it is self evident that applying the relevant Code provisions in practice will have an adverse effect on Settlement since it would lead to Export volumes being reported by the CDCA as an equal and opposite Import. This would impact Parties' exposure to Imbalance Charges.

### Self-Governance

The Panel unanimously agreed that P279 meets the Self-Governance Criteria set out in Annex X-1 of the Code, and therefore agreed that it should progress as a Self-Governance Modification Proposal.

The proposed change to the Code addresses a known discrepancy which is accepted to have no practical impact and the proposed change to CDCA systems would bring those systems into line with how they were understood, until recently, to operate.

The Modification addresses a known, self evident error in the Code and preserves the accepted status quo in terms of BSC systems operation; it therefore has no material impact on consumers, competition, Transmission System operation, wider market/network management issues or Code procedures, and does not discriminate between different classes of Parties.

We have submitted to the Authority, on the Panel's behalf, a Self-Governance Statement detailing why the Panel believes P279 satisfies the Self-Governance Criteria and noting that the Panel intends to decide whether to approve Proposed Modification P279 at its meeting on 8 December 2011.

As part of the P279 Report Phase consultation, the Panel invites the views of industry participants regarding the progression of P279 as a Self-Governance Modification.

#### Question 4

Do you agree with the Panel's view that P279 should be progressed as a Self-Governance Modification Proposal?

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P279  
Draft Modification Report

21 October 2011

Version 0.1

Page 9 of 10

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## 8 Recommendations

Having considered the P279 IWA, the BSC Panel initially recommends:

- That Proposed Modification P279 should be made;
- That Proposed Modification P279 should be progressed as a Self-Governance Modification Proposal;
- An Implementation Date for Proposed Modification P279 of 5 Working Days following approval<sup>1</sup>; and
- The proposed text for modifying the Code, as set out in the Modification Report.



### Recommendation

The Panel unanimously recommends that the Proposed Modification should be made.

### Question 1

Do you agree with the Panel's view that the Proposed Modification should be approved?

## 9 Further Information

More information is available in:

Attachment **A**: Legal Text Proposed

All consultation responses and other P279 documentation are available from the [P279 page](#) of the ELEXON website.

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P279  
Draft Modification Report

21 October 2011

Version 0.1

Page 10 of 10

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<sup>1</sup> Following the Self-Governance appeals window of 15 Working Days.