



Note for Issue 43 Group

Is it appropriate/possible to 'correct' the Settlement volume resulting from the Issue 43 scenario and, if so, how?

The Issue 43 Group has asked ELEXON to consider this question. This note provides our view.

The Issue 43 scenario

During a recent planned four-week Distribution outage, a large customer (a nursing home) paid for an on-site generator (and associated fuel) for the duration of the outage, in order to maintain its supply.

BSC Section K requires a Settlement Meter to record the Import (and, where appropriate, Export) energy flowing over the Boundary Point between the Distribution System and the customer's network (the dotted line in the diagram on the following page).

If the on-site generator had been connected to the customer's own network on the customer side of the Settlement Meter (i.e. at Point A in the diagram on the following page), no Import would therefore have been measured by the Settlement Meter. Any unused generation would have spilled onto the Distribution System and (subject to the capability of the Meter) would have been measured as an Export in accordance with BSC Section K.¹

However, in this case, the generator was connected on the Distributor side of the Settlement Meter. The customer's on-site generation therefore flowed through the Settlement Meter, and was recorded as consumption in Settlement in the same way as if it was energy provided by its Supplier. The metered consumption volume was allocated to the Supplier's BM Unit, thereby contributing to both the Supplier's BSC Trading Charges and GSP Group Correction Factor for a four-week period.

The Supplier (E.ON) was unaware of the outage and therefore billed the customer for the consumption recorded by the Settlement Meter. The situation was only highlighted when the customer contacted the Supplier to dispute its bill, arguing that it should not be charged for energy for which it had already paid. By this time, the Settlement Meter had advanced.

¹ Under Section K1.2.2, the Party "responsible" for an Export is the Party which registered the associated Export Metering System ID (MSID). If no Export MSID was registered, then no-one would be responsible for the Export (which means in practice that the 'spilled' generation would be shared between Suppliers through GSP Group Correction).

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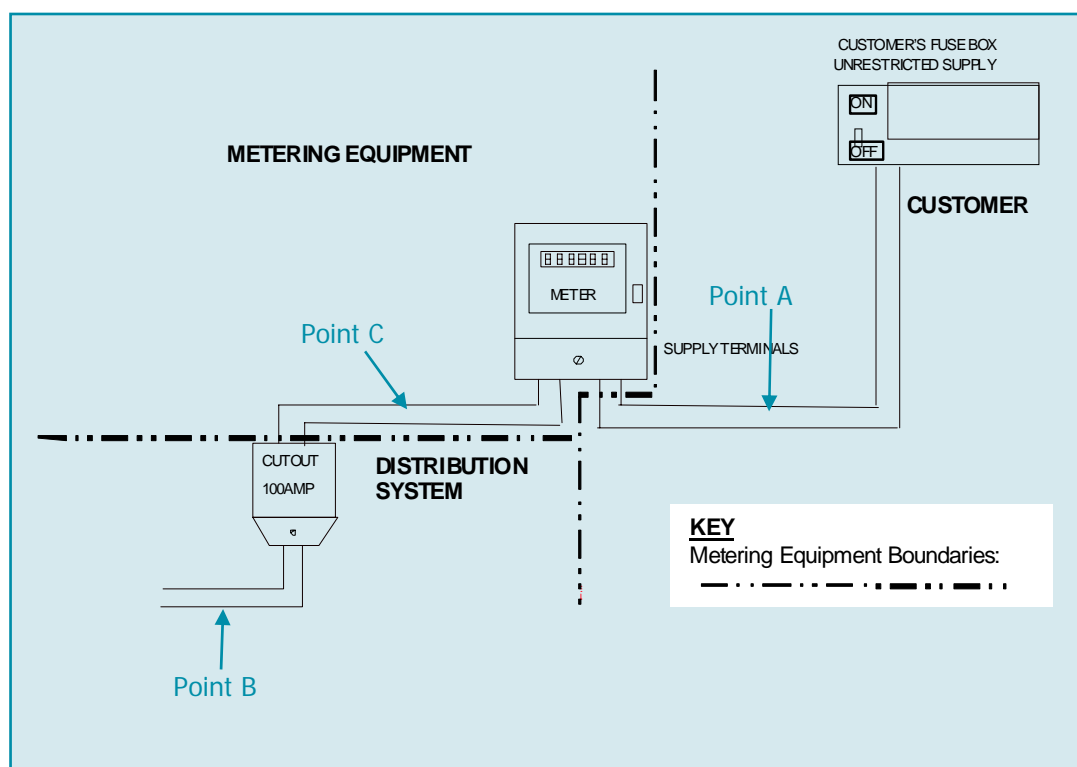
ELEXON's view

Our answer to the Group's question of whether an 'error' has occurred under the BSC (and whether it is therefore appropriate to 'correct' the resulting Settlement volume under the existing BSC rules) depends on exactly where the on-site generator was connected on the Distributor side of the Meter.

If an error has occurred, the method of correction is dependent on whether the customer's site is Half Hourly or Non Half Hourly.

As we don't know the specific point of connection in E.ON's example, or whether the site was Half Hourly or Non Half Hourly, we provide a view to cover each scenario.

Where was the on-site generator connected?²



² This diagram is based on the Single-rate Whole Current Meter diagram in the BSC's [Code of Practice 8](#).



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If the generator was connected to the Distribution System before the cut-out (Point B), then our view is that:

- There is no 'error' to correct in Settlement because, as required by BSC Section K, the Settlement Meter has recorded the energy flowing across the Boundary Point between the Distribution System and the customer's network;
- Under BSC Section K1.2.2(b), the Supplier is responsible for any Import from the Total System to the customer's Plant or Apparatus;
- The question of whether or not the customer's generator should have been connected to the Distribution System in the first place (and whether the Supplier should have been informed) is a separate one outside the BSC; and
- This view applies regardless of whether the site is Half Hourly or Non Half Hourly.

If the generator was connected to the customer's own network on the Distributor side of the Settlement Meter, between the cut-out and the Meter (Point C), then our view is that:

- The resulting Settlement volume could be considered an error under the BSC, because the Settlement Meter has not recorded the energy flowing across the Boundary Point between the Distribution System and the customer's network;
- The question of whether or not the customer's generator should have been connected to the Distributor side of the Settlement Meter in the first place (and whether the Supplier should have been informed) is a separate one outside the BSC; and
- The action that the Supplier could take to 'correct' this volume under the existing BSC rules depends on:
 - Whether the site is Half Hourly or Non Half Hourly;
 - How long ago the outage occurred; and
 - Whether the Supplier knows the 'correct' replacement volume to apply.

If it is no longer possible to establish which side of the cut-out the generator was connected to, then our view is that:

- An error cannot be proved to have occurred under the BSC, and so no corrective action should be taken.



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Possible mechanisms for 'correcting' the Settlement volume

The Issue 43 Group asked us to look at three possible mechanisms for 'correcting' the Settlement volume under the existing BSC rules: raising a Trading Dispute, applying Gross Volume Correction or undertaking a "dummy meter exchange".

Note that these mechanisms are only relevant for scenarios in which the on-site generator is connected at Point C in the diagram. As explained above, our view is that (under the existing BSC rules) there is no 'error' to correct in Settlement if the generator is connected at Point B.

A pre-requisite of all three mechanisms is that the Supplier is able to identify the volume of energy taken from the on-site generator, and can therefore establish what the 'correct' Settlement volume should be:

- For a Non Half Hourly site, it may be difficult for the Supplier to know this unless the customer read the Settlement Meter at the start and end of the planned outage (or can provide other evidence of its on-site generation volume).
- If Half Hourly metered, the Supplier would need to know the exact dates that the customer used the generator. The Supplier could then instruct the Half Hourly Data Collector to replace the actual reads for these dates with zero estimates (this would require a Trading Dispute for any Settlement Days that had already been subject to a Final Reconciliation Run).

Trading Disputes process

A Trading Dispute must identify a Settlement Error as defined in BSC Section W1.3.1. Our view is that an Issue 43 scenario with the generator connected at Point C could potentially be viewed as a Settlement Error, regardless of whether the site was Half Hourly or Non Half Hourly. Ultimately it would be for the Trading Disputes Committee (TDC) to decide whether a Settlement Error occurred.

To be progressed, any Trading Dispute would also need to meet the following other criteria in accordance with W3.2.7:

- The materiality threshold in BSC Procedure (BSCP) 11 (currently £3,000); and
- The relevant Dispute Deadline contained in BSCP11,³ unless the TDC explicitly waives this deadline under W3.2.4 on grounds of exceptional circumstances.

For a Non Half Hourly site, it may be difficult for the Supplier and the TDC to establish the materiality of the error unless the Supplier knows what the on-site generation volume was during the planned outage.

³ The BSCP11 deadline for raising an SVA Half Hourly Dispute or SVA Non Half Hourly Dispute is currently the 70th Working Day following the carrying out of the Final Reconciliation Run (RF) for the relevant Settlement Period(s).



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Gross Volume Correction (GVC) and dummy meter exchanges

Section 14 of BSCP504 contains the rules regarding GVC and dummy meter exchanges. These mechanisms relate to Non Half Hourly Metering Systems, so could not be used for an Issue 43 scenario in which the customer's site was Half Hourly.

GVC

GVC is an optional technique by which a Supplier, via its Non Half Hourly Data Collector (NHHDC), can 'correct' errors relating to Meter Advance Periods during which some Settlement Dates have already been subject to a last Reconciliation Run (whether RF or a Post-Final Settlement Run) and where part of the error has therefore already 'crystallised' in Settlement. GVC is based on the principle that the total gross volume of energy for a given Metering System should be correct. Where energy has been misallocated to a range of Settlement Dates within a Meter Advance Period which have passed through the last Reconciliation Run (the 'crystallised period'), GVC can therefore be applied to reallocate the lost or gained energy volume to a range of Settlement Dates which have not yet been subject to a last Reconciliation Run (the 'fluid period'). This process ensures that the total gross volume of energy is correct, although allocated to the wrong Settlement Dates/Settlement Periods.⁴

The GVC mechanism relies on deeming Meter Readings using previous valid reads. It may therefore be difficult for the Supplier to apply GVC unless it can establish the on-site generation volume during the planned outage.

BSCP504 also states that GVC should only be applied for errors which have an ongoing Settlement impact, specifically:

- (a) For the correction of Meter Advance Periods which span the latest RF/PFSR date; or
- (b) Where an energy error for a given Metering System is affecting the NHHDC's ability to validate subsequent Meter Readings.

Rule (b) does not apply in an Issue 43 scenario where the generator is connected at Point C, because any subsequent readings on the Meter should process correctly. Rule (a) would not address the Metering error, but could be used in the event that a "dummy meter exchange" is performed for a part-crystallised error (see below).

Dummy meter exchange

Where there is insufficient reading history to apply GVC, or where compensation will introduce further error, Section 14 of BSCP504 allows the NHHDC (as an action of last resort) to take such steps as are necessary to address an ongoing validation problem without ensuring that the gross volume of energy settled is correct. A "dummy meter exchange" involves the use of Initial and Final Meter readings to effectively re-start consumption histories even though no actual, physical change of Meter has taken place.

⁴ This is consistent with the principle in the BSC that data should not be amended after RF except as part of an authorised Trading Dispute.



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Our view is that a dummy meter exchange could be used to correct the error from an Issue 43 scenario where the generator was connected at Point C. This would involve deeming an Initial Reading, using a valid actual Meter reading taken on (or soon after) the date on which the generator was removed. Providing the Supplier knows what the on-site generation volume was during the outage, this 'error volume' could then be subtracted from the Initial Reading to create a Final Reading.

The dummy meter exchange must be carried out with an effective date which has not yet been subject to RF. If the Final Reading generates an Annualised Advance (AA) which is associated with a part-crystallised Meter Advance Period, then the dummy meter exchange would need to be coupled with the use of GVC Rule (a).



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