June 2002

ASSESSMENT REPORT

MODIFICATION PROPOSAL P70 – CMRS Metering for inter-DNO Boundaries within a GSP Group

Prepared by the VAMG Modification Group on behalf of the Balancing and Settlement Code Panel

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
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0.1	27/05/02	Mods Group		
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b Distribution

Name	Organisation

c Intellectual Property Rights and Copyright

d Related Documents

The following documents are referenced from within this document using the following convention [RD/*x*]:

1 Assessment Report – Modification Proposal P62 – Version 1.0, 07 June 2002

2 Modification Proposal P62 - Requirements Specification – Version 1.0, 25 April 2002

3 Modification Proposal P70 - Requirements Specification – Version 1.0, 10 May 2002

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Procedure, the resultant findings of this report, and based on a narrow majority (4 versus 3), the Modification Group recommends that the BSC Panel should determine that:

> Modification Proposal P70 proceed to the Report Phase and recommend to the Authority that the Modification Proposal should not be made.

The Modification Group recognised that this recommendation is based on whether the Modification would better facilitate the Applicable BSC Objectives, which do not consider the wider context of distribution. If the BSC Objectives included distribution, in a similar manner to the principle objective for the Authority, then the Modification Group unanimously agreed that the Modification should be made. If the Authority determined the Modification should be made, then the Implementation Date should be the same as for P62[1].

1.2 Background

Following commencement of parts of the Utilities Act 2000 on 1 October 2001, distribution of electricity is now a distinct licensable activity, and as a result entities other than a Public Distribution System Operator (PDSO) may be obliged, or choose, to obtain Distribution Licences. This creates a requirement for new licensed distributors to be able to join the Balancing and Settlement Code (BSC), the Master Registration Agreement (MRA), and where appropriate comply with the Settlement Agreement for Scotland (SAS).

Initially the impact of these changes was considered by the Distribution Business Focus Group (DBFG), an industry group established under the MRA Executive Committee (MEC). This group examined a number of options for amending industry documents to support new licensed distributors. Following consultation with Parties to the MRA and BSC, the DBFG recommended an approach (Option 7), based on the following assumption:

> one distribution business equals one SMRS, without the creation of new GSP Groups

TXU UK Ltd raised Modification Proposal P62 on 3 January 2002 in order to progress the BSC aspects of Option 7 under BSC governance.

One issue recognised by the DBFG was that if a meter was installed between two Distribution Systems, within the same GSP Group, then the current BSC drafting would not allow that meter to be registered in the Central Meter Registration Service (CMRS) and for the data to be collected using the Central Data Collection Agent (CDCA). As such a meter is not required for Settlement purposes it was excluded from the scope of Modification Proposal P62.

[1] [RD/1] states that if the Authority determine that Modification Proposal P62 be approved before 01 September 2002, then the proposed Implementation Date should be 01 August 2003, if the Authority decision is received after 01 September 2002, but before 30 June 2003, then the Implementation Date should be 30 June 2004.

However, the DBFG also recognised that such a meter was desirable and that if it was installed it was also desirable that it should be registered in CMRS. As a result SEEBOARD raised P70 on 1 March 2002 in order to allow this desirable requirement to be assessed.

At the Panel meeting 14 March 2002 Modification Proposal P70 was submitted into the Assessment Procedure, to be progressed in parallel with P62, such that an Assessment Report be presented to the Panel on 13 June 2002. The Panel further recognised that the assessment of P70 would need to be based on the assumption that P62 is itself approved (i.e. P70 can be assessed as an option) and hence any costs could be considered as incremental costs to those applicable to P62.

The Volume Allocation Modification Group (VAMG) met three times during the Assessment Procedure to consider both P62 and P70. A Requirement Specification for P70 was produced and sent out for consultation. The results of this were used to construct this Assessment Report.

1.3 Rationale for Recommendations

The consultation responses showed that the majority (85%) of respondents and Parties believed that P70 would better facilitate the Applicable BSC Objectives.

The VAMG had no issue with what the Modification could achieve, but recognised issues about better facilitating the Applicable BSC Objectives, and that these were neutral to effects of the Modification. Although P70 is part of an initiative to facilitate competitive supply on the networks of new licensed distributors, the operation of these networks (and any license obligations) is outside of the BSC, and these meters are not required for Settlement.

The VAMG recognised it was important to take into account the support for P70 in the consultation responses, the low cost of implementation and that use of this facility was optional. P62 would be introducing major changes and it was not possible to predict the take up, or the nature of the individual networks, and hence the demands P62 will place on the Settlement process. Rejecting P70 at this stage would remove the flexibility to make use of this facility should it become more widely accepted that centrally collecting data from an industry standard meter did represent a measurable benefit within the BSC.

Some of the VAMG were concerned that it was not possible to state that a perceived improvement in data quality was sufficiently tangible to show it would lead to a measurable improvement in competition in Supply. The VAMG were split over this issue with a narrow majority (4 versus 3) believing that with the data currently available it was not possible to show that P70 would better facilitate the Applicable BSC Objectives.

However, the VAMG also recognised that this view maybe seen as narrow given the nature of P70 and its lack of direct relevance to generation, transmission or supply. When asked to consider P70 in terms of the wider principle objective for the Authority (also considering distribution), the VAMG were unanimous that P70 would help promote effective competition. The VAMG felt it was important that the potential advantages of P70 were noted by the Panel and that the Authority consider this within the wider context of their own objectives.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 MODIFICATION GROUP DETAILS

This Assessment Report has been prepared by the VAMG. The membership of the Modification Group was as follows:

Member	Organisation	Role
Justin Andrews	ELEXON	Chairman
Gwilym Rowlands	ELEXON	Lead Analyst
Phil Russell	TXU	Proposer P62
Jonathan Purdy	SEEBOARD	Proposer P70
Bob Brown	Cornwall Consulting	
Richard Harrison	Npower	
Neil Magill	Scottish Power	
Chris Pooley	Campbell Carr	
Clare Talbot	NGC	
Katherine Bergin	Scottish & Southern	
Paul Chesterman	London	
Brian Nichol	Northern	
Rob Cullender	BGT	
Paul Jones	Powergen	

In addition the following attendees have attended one or more meetings during the Assessment Procedure:

Member	Organisation	Role
Malcolm Burns	SESL	SAS Representative
Jill Ashby	MRASCo	MRA Representative
Patrick Smart	Ofgem	Authority Representative
Christina Pearson	SD Partners	
John Spiller	ABB	
Karen Lee	St Clements	
Andrew Latham	BGT	
Jan Devito	St Clements	
Tony Savka	United Utilities	
Mark Constable	IMSERV Europe	
Terry Wilkinson	St Clements	
Bob Walker	Npower	
Bruce Wyatt	Npower	
Afroze Miah	Powergen	

3.1 Terms Of Reference

The following specific terms of reference were set for the Modification Group to consider and/or include in the Assessment Report as appropriate:

- parallel issues in the Gas Market (meters are not fitted between Gas Networks);
- whether the proposed meter, although not directly required for Settlement, is sufficiently important to the successful operation of multiple licensed distributors within the same GSP Group, that it should be registered in CMRS;
- the cost recovery of a software change to the aggregation rules used by Central Data Collection Agent (CDCA) to allow the meters to be aggregated without impacting the operation of settlement and whether this can be considered as part of the overall costs of introducing new licensed distributors;
- the Modification Proposal in relation to the work already done by The Distribution Business Focus Group (DBFG) an industry group established by the MRA Executive Committee;
- the interaction of this Modification Proposal with existing Modification P62 noting that Modification Proposal P70 is only relevant if P62 is also approved; and
- a decision on whether to hold joint or independent impact assessments and consultations with Modification Proposal P62.

4 DESCRIPTION OF MODIFICATION

4.1 Background

Following commencement of parts of the Utilities Act 2000 on 1 October 2001, distribution of electricity is now a distinct licensable activity, and as a result entities other than a Public Distribution System Operator (PDSO) may be obliged, or choose, to obtain Distribution Licences. This creates a requirement for new licensed distributors to be able to join the Balancing and Settlement Code (BSC), the Master Registration Agreement (MRA), and where appropriate comply with the Settlement Agreement for Scotland (SAS).

Initially the impact of these changes was considered by the Distribution Business Focus Group (DBFG), an industry group established under the MRA Executive Committee (MEC). This group examined a number of options for amending industry documents to support new licensed distributors. Following consultation with Parties to the MRA and BSC, the DBFG recommended an approach (Option 7), based on the following assumption:

one distribution business equals one SMRS, without the creation of new GSP Groups

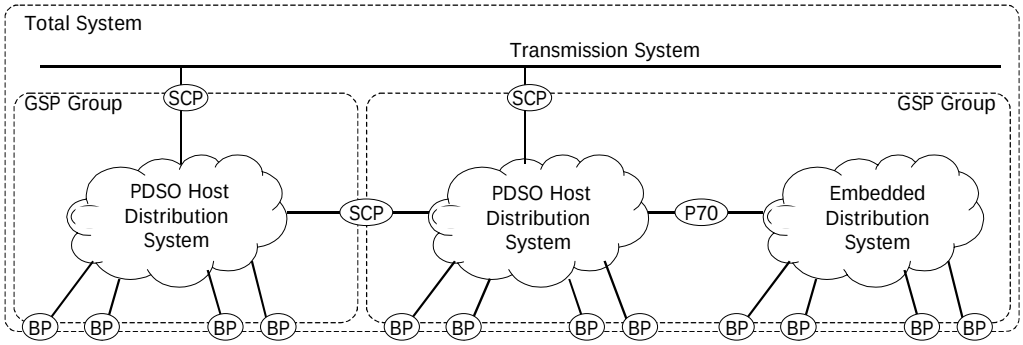
The main changes associated with the Utilities Act 2000 are contained within Modification Proposal P62, raised on 3 January 2002 by TXU UK Ltd. This Modification was raised to progress the BSC aspects of Option 7 under BSC governance. Further details on P62 can be found in the P62 Requirement Specification [RD/2] and the P62 Assessment Report [RD/1], the latter of which is being presented to the Panel at the same time as this P70 Assessment Report.

4.2 Modification Proposal P70

One of the key features of P62 is that for the purposes of Supplier Volume Allocation, the new Distribution Systems can be seen as extensions to the networks operated by the PDSO. All the meters readings for the current Public Distribution System, and any other Distribution Systems within the same GSP Group, are all aggregated together allowing the operation of the GSP Group Correction Factor to continue to apportion errors across a large number of Non Half Hourly metering systems.

A feature of this is that for the purposes of Settlement there is no requirement for a meter between two Distribution Systems within the same GSP Group. In Figure 4.1 such a potential metering point is labelled as “P70”. Furthermore the current BSC only allows meters at System Connection Points (SCP) or Boundary Points (BP) to be installed in CMRS.

Figure 4-1 P70 Inter Distribution System Meter



As such a meter is not required for Settlement purposes it was excluded from the scope of Modification Proposal P62.

However, the DBFG also recognised that such a meter was desirable and that if it was installed it was also desirable that it should be registered in CMRS. The DBFG supported SEEBOARD in raising P70 in order to allow this one aspect of new licensed distributors to be separately assessed.

P70 states that if a meter was to be installed between two Distribution Systems within the same GSP Group, then:

- CMRS compliant metering should be installed & registered under BSCP20;
- aggregation rules for the metering would be submitted under BSCP75, such that any new rules should result in the meter data being excluded from Settlement;
- CDCA would perform normal data collection, validation, meter advance reconciliation processes as per the BSC rules and data would be sent to interested parties (i.e. CDCA-I012, CDCA-I014 & CDCA-I030 files).

The DBFG recognised that it was possible to collect such data totally outside of the governance of the BSC, and without the support of BSC Systems. However, the DBFG also recognised the advantages of using an industry recognised infrastructure by recording the meter in CMRS and collecting the data using CDCA.

The defect being addressed by P70 is not whether such a meter should be installed or not, it is about changing the BSC to allow, but not to force, such a meter to be registered in CMRS, and collected using CDCA, should it be installed between the two Distribution Systems.

At the Panel meeting 14 March 2002 Modification Proposal P70 was submitted into the Assessment Procedure, to be progressed in parallel with P62, such that an Assessment Report is presented to the Panel on 13 June 2002. The Panel further recognised that the assessment of P70 would need to be based on the assumption that P62 is itself approved (i.e. P70 can be assessed as an option) and hence any costs could be considered as incremental costs to those applicable to P62.

4.3 Benefits of an Inter Distribution System Meter

In order to understand whether it can be justified that such a meter should be allowed to register in CMRS, it is also helpful to understand why it may be required.

Without such a meter the two distributors can only estimate the energy transferred between the two Distribution Systems, based on the metered energy at the Boundary Points for the embedded Distribution System, as calculated by SVA[2], and a proportion of the combined losses for both networks (i.e. the difference between the energy flows at the Systems Connection Points and the energy flows at all Boundary Points). This may be sufficient for small and simple networks[3], but may be unsatisfactory for larger and more complex networks, especially if there are a number of different interconnections between a number of Distribution Systems in a GSP Group and a large proportion of non-half hourly metering. Two particular issues serve to illustrate why not having a meter installed may be a problem under P62:

- **Distribution Use of System (DUoS) Billing** - is only directly charged to the Supplier from the embedded distributor (based on the metered energy), however a component of that is payable by the embedded distributor to the host distributor, for the loss adjusted value transferred across the host network from the GSP;
- **Losses** - within the context of Settlement it is only the overall losses from the combined network that are important, i.e. the Line Loss Factors (LLF). However this is not sufficient for a distributor, which needs to take into account different forms of loss: physical losses due to the distribution network, errors in Unmetered Supply, incorrectly registered exit points, theft and profiling errors of non-half hourly meters. In addition a PDSO[4] has an existing licence obligation to produce audited reports to the Authority on physical losses attributable to their networks. A degree of these losses are allowable, however the remainder form part of their financial incentives. It is important to be able to accurately obtain these values, and not to assume what those losses should be, based on some formula for proportioning the estimated losses for the combined network.

The underlying argument is that the provision of accurate and independent meter readings at the commercial boundary will reduce any double counting, improve the accuracy and confidence in any figures derived from such data, and hence indirectly improve the quality of data (such as LLFs) used in Settlement and eventually customer bills (including DUoS) from Suppliers. P70 argues this is best achieved using an industry recognised infrastructure (i.e. CMRS/CDCA), which can also improve the availability of this data and hence potential monitoring.

Further details on the arguments considered by the VAMG for such a meter are contained in the P70 Requirements Specification [RD/3].

4.4 Gas Market

The Terms Of Reference set by the Panel asked the VAMG to consider parallel experience in the Gas market of boundary metering at Gas Connected System Exit Points (CSEP).

The issue of mandatory boundary metering to the cost of the connecting party has not been the subject of formal determination by the Authority. However, Ofgas (predecessor to the Authority) made it clear to Transco in correspondence that they would find making the

[2] This would mean processing the data for each Consumption Component Class within the Hour Hourly data, and for each Standard Settlement Configuration within each non-Half Hourly Supplier Purchase Matrix.
[3] The thresholds within the distribution licence exemptions are sufficiently high that many small networks could continue to operate unlicensed and hence be unaffected by P62 and P70.
[4] It is not known whether the license conditions for a new licensed distributor would contain such an obligation.

presence of a meter a condition unacceptable, stating that it would hinder the development of competition in connected networks.

Ofgas drew up a draft determination but it was never required, as the majority of CSEPs are unmetered at the boundary and the Transco standard Network Exit Agreement (NExA) embodies this principle.

The VAMG considered there were two important differences to be considered:

- electricity networks can be more complex with changes in voltage levels, embedded generation and inherent losses due to distribution;
- P70 was not aiming to make it mandatory to install such a meter, but that if a meter existed the BSC should allow the data to be collected using CDCA;

The VAMG considered that any issue about whether such a meter should be mandatory, or not, was an issue for the Distribution Connection Agreements, which were outside the governance of the BSC and should not impact P70.

5 ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

5.1 Applicable BSC Objectives

The VAMG recognised that there is a natural incentive for distributors to require a meter on a commercial boundary between distribution businesses, and that data from such a meter should be collected using an industry recognised approach.

In addition to making distribution a licensable activity and requiring distributors to promote competition in supply and generation, the Utilities Act 2000 also widened the scope of the principle objective for Authority to include distribution and distribution systems. Section 13 of the Utilities Act 2000 provides a replacement for section 3 of the Electricity Act 1989:

> 3A - (1) The principal objective of the Secretary of State and the Gas and Electricity Markets Authority (in this Act referred to as "the Authority") in carrying out their respective functions under this Part is to protect the interests of consumers in relation to electricity conveyed by distribution systems, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission, distribution or supply of electricity.:

However, the group recognised that this had not been reflected in the Transmission License and hence the Applicable BSC Objectives[5] are only concerned with transmission and competition in generation and supply. They make no reference to distribution or aiding distributors meeting their own license obligations, i.e. the distribution equivalent to BSC Objective (a) and (b), a point made by the Proposer in the original Modification Proposal.

This means that the main link between P70 and the BSC Objectives is indirect, in that the implementation of the Modification, within the BSC, could lead to benefits for the

[5] The relevant BSC Objectives are contained in Condition C3.3 of NGC's Transmission Licence and are:
(a) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
(b) the efficient, economic and co-ordinated operation by the licensee of the licensee's 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 and administration of the balancing and settlement arrangements.

distributors outside the BSC, which would allow them to promote effective competition in supply (Applicable BSC Objective (c)) by efficiently and cost-effectively carrying out their own license obligations. However, being an indirect link makes it hard for any Party not involved in distribution to appreciate whether any benefit may exist, or not.

5.2 VAMG Assessment of P70

The consultation responses showed that the majority (85%) of respondents and Parties believed that P70 would better facilitate the Applicable BSC Objectives. The basis of the main arguments were:

- an improvement in data quality, such as LLFs and data being input into DUoS calculations, would improve competition in Supply (BSC Objective (c));
- an improvement of data quality would also improve efficiency in the administration of the settlement arrangements (BSC Objective (d)), for instance by improving the ability to monitor the performance of participants and the operation of GSP Group correction;
- there would be circumstances where such a meter would be required, and the overall cost of collecting this data in a co-ordinated and auditable manner outside the BSC would be more expensive, such that if P70 was not approved then it would have a detrimental effect on efficiency and competition;
- in addition a number of respondents believed that although P62 would better facilitate BSC Objective (c), the combination of P62 and P70 was a better technical solution that would even better facilitate BSC Objective (c). This is also included in the recommendation within the P62 Assessment Report [RD/1].

The VAMG considered whether P70 could be seen as cost effective as it had a low implementation cost.

The VAMG had no issue with what the Modification could achieve, but recognised issues about better facilitating the Applicable BSC Objectives and that these were neutral to effects of the Modification. Although P70 is part of an initiative to facilitate competitive supply on the networks of new licensed distributors, the operation of these networks (and any license obligations) is outside of the BSC, and these meters are not required for Settlement.

The VAMG recognised it was important to take into account the support for P70 in the consultation responses, the low cost of implementation and that use of this facility was optional. P62 would be introducing major changes and it was not possible to predict the take up, or the nature of the individual networks, and hence the demands P62 will place on the Settlement process. Rejecting P70 at this stage would remove the flexibility to make use of this facility should it become more widely accepted that centrally collecting data from an industry standard meter did represent a measurable benefit within the BSC.

Some of the VAMG were concerned that it was not possible to state that a perceived improvement in data quality was sufficiently tangible to show it would lead to a measurable improvement in competition in Supply. The VAMG were split over this issue with a narrow majority (4 versus 3) believing that with the data currently available it was not possible to show that P70 would better facilitate the Applicable BSC Objectives.

- However, the VAMG also recognised that this view maybe seen as narrow given the nature of P70 and its lack of direct relevance to generation, transmission or supply. When asked to consider P70 in terms of the wider principle objective for the Authority (also considering distribution), the VAMG were unanimous that P70 would help promote effective competition. The VAMG felt it was important that the potential advantages of P70 were noted by the Panel that the Authority consider this within the wider context of their own objectives.

6 IMPACT ON BSC AND BSCCO DOCUMENTATION

6.1 BSC

The principle of the BSC change is that the two distributors concerned can elect to treat a meter between two Distribution Systems within the same GSP Group as a Systems Connection Point (SCP) for all purposes except aggregation into Central Volume Allocation (CVA).

The BSC change also contains a paragraph to clarify that this meter will be added to aggregation rules to have a null effect in accordance with BSCP75.

It was suggested by the VAMG that as this meter was not required for Settlement it may raise new issues regarding any liability, for instance for failure to collect data. In order to avoid such issues, the legal drafting applies the same obligations to such a meter, as to any other SCP meter, with the exception of how the aggregation rules are constructed.

The full text of the BSC changes is contained in Annex A.

6.2 Code Subsidiary Documents

The only identified change is to BSCP75 which defines the Aggregation Rules for meters collected using CDCA. This already has a comprehensive section on the configuration of a "Typical GSP including DSCP and GSP Group Take" and this could be updated to include a P70 style meter. The example from this BSC Procedure (BSCP) was used in Annex A of [RD/3] to demonstrate the three options for registration of a P70 style meter.

It should be recognised that as part of the development of both P62 and P70 it may be decided that supporting changes should also be made to other documents, such as BSCP20 and BSCP26 in order to clarify the requirements for a P70 style meter. This is not recognised as a major issue as P70 would only be approved alongside P62, which itself will be required to change a significant number of BSCPs and Service Lines.

7 IMPACT ON BSC SYSTEMS

7.1 Central Volume Allocation Systems

The P70 Requirements Specification [RD/3] identified three potential mechanisms for registering such a meter in CMRS. Prior to the consultation a high level impact assessment was requested of the Central Service Provider against the three identified mechanisms.

Table 7.1 – Implementation Options and Indicative Costs

Features / Costs	Option 1	Option 2	Option 3
Aggregation Rule change	None	DSCP Id	New One
Raw meter readings provided in the CDCA-I012 report	Yes	Yes	Yes
Aggregated meter readings provided in the CDCA-I030 report	No	Yes	Yes
System Software Changes	Yes	No	Yes
HLIA Development cost (ex VAT)	£45,800	£12,300	£112,000
HLIA Maintenance cost per month (ex VAT)	£534	£0	£1,307

The costs in the High Level Impact Assessment (HLIA) impact were provided against the assumption that P62 will cover any changes necessary (if any) to allow licensed distributors to register metering systems and SCPs[6]. The HLIA also indicated that Option 3 was the Central Service Provider's preferred option as it minimised potential errors in the aggregation rules.

However, the preference of the VAMG and the consultation responses was for Option 2:

- it best represented the original intent of the Modification Proposal in that it allowed aggregation of meter readings into a single, period based, reading, whilst minimising the impact on the CVA BSC Systems;
- changes to the aggregation rules are sufficiently infrequent to allow any rules to be checked before being implemented;
- P70 is not required for Settlement, in order justify any changes to the BSC Systems, the costs and industry impact would need to be minimal.

Only Option 2 is considered further within this document. There are no expected software changes and any changes are restricted to documentation changes:

- changes to the Operation Systems Manuals (OSM) which would define how the operators would respond to a request to register such a meter;
- minor changes within requirements and design documents to make it clear such configurations are possible, these are seen as clarifications rather than changes.

8 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

There are no changes to any core industry documents or support arrangements.

[6] The issue of new licensed distributors registering metering systems was considered within P62. P62 minimises any distinction between a PDSO and a new Licensed Distribution System Operator (LDSO) and does not require the software systems to implement any controls which distinguish between the two. The P62 Detailed Level Impact Assessment (DLIA) for CVA confirmed no changes were required.

However, the following point should be noted regarding the impact on the SAS. Strictly speaking, Modification Proposal P70 relates purely to the BSC, and has no impact on the SAS. However, it should be noted that the SAS includes Trading Arrangements very similar to those in Section S of the BSC. Currently SESL and the Scottish Modification Panel are progressing MOD50/02, similar to P62, in the Scottish Market. If P70 is recommended by the Panel, the indications are that SESL would extend MOD50/02 to include a Scottish equivalent solution. Any such change would be under the Scottish change control procedures, outside the scope of the BSC.

9 IMPACT ON ELEXON

No impact on ELEXON.

10 IMPACT ON PARTIES AND PARTY AGENTS

If Option 2 were to be implemented then it would have minimal impact on Parties and Party Agents. As stated in the HLIA for the CVA Systems there are no CVA software changes and in addition the installation and registration of a P70 meter is optional and depending on the uptake may not impact all GSP Groups.

If a meter was installed and registered in CMRS then it would change the content of the CDCA-I030 report sent to the distributors concerned. However, it is assumed that this would only affect the distributors who were registering such a meter and that their systems would be robust to the change in data and furthermore would have been enhanced to make use of such data. This is seen as an enhancement and not an impact.

11 LEGAL ISSUES

There are no legal issues with this Modification Proposal.

12 SUMMARY OF REPRESENTATIONS

A consultation on P70 was held between 10 May 2002 and 20 May 2002. In total 13 Responses were received representing 50 Parties.

The following is a list of the questions asked in the consultation and reported in table 12.1:

Q1 Do you believe there are circumstances when a meter between two Distribution Systems within the same GSP Group is justified?

Q2 Do you believe that in those circumstances where a meter does exist between two Distribution Systems within the same GSP Group, it would have a net benefit if there were an option allowing such a meter to be recorded in CMRS and the data collected using CDCA?

Q3 Do you believe that in those circumstances where a meter does exist between two Distribution Systems within the same GSP Group, it would better facilitate the applicable BSC Objectives if there were an option allowing such a meter to be recorded in CMRS and the data collected using CDCA?

Q4 Do you believe that the benefits of this Modification are sufficiently general and cross industry, that the development costs associated with this Modification should be borne by all BSC Parties? If "No" please provide details on how costs should be recovered.

Q5 Which do you believe is the appropriate implementation option, 1, 2 or 3?

Table 12.1 – P70 Consultation Responses

Party Name	Parties	Q1	Q2	Q3	Q4	Q5
TXU	21	Yes	Yes	Yes	No	2
SEEBOARD Power Networks	1	Yes	Yes	Yes	Yes	2
YEDL/NEDL	2	Yes	Yes	Yes	Yes	2
Powergen	4	Yes	Yes	Yes	No	2
SEEBOARD Energy	1	Yes	Probably No	Probably No	No	None
Western Power Distribution	2	Yes	Yes	Yes	Yes	3
Aquila Networks	1	Yes	Yes	Yes	Yes	1 / 2 / 3
Scottish Power	5	Yes	Yes	Yes	Yes	2
SP Manweb	1	Yes	Yes	Yes	Yes	2
Scottish and Southern Energy	4	Yes*	Yes	Yes*	Yes*	2
United Utilities Electricity plc	1	Yes	Yes	Yes	Yes	2
ABB Treasury & Energy Services #	1	Yes	Yes	Yes	Yes	2
LE Group #	6	Yes	?	No	Yes	2

Majority Response	**Yes**	**Yes**	**Yes**	**Yes**	**2**
Respondents	100%	85%	85%	77%	77%
Parties	100%	86%	86%	48%	92%

Note: cells marked "*" have been implied from the associated rationale
responses marked "#" were received after the initial deadline

Analysis of the responses established the majority response and % agreement with that view. In addition this analysis established four main issues:

- two respondents stated that the costs for P70 should be recovered from the distributors and not all Parties. However, VAMG members from the Parties concerned stated that this response was primarily on the principle of cost recovery for a benefit primarily targeted at the distributors. In the case of P70 as the costs were low, and also related to the introduction of P62, targeting the costs would be inefficient;
- one respondent believed the real costs would be sufficiently high that they are likely to outweigh any benefit;
- one respondent was concerned that registration in CMRS may give rise to aggregation errors, perhaps even double counting, and that issues such as liability for data errors would need to considered. This was sufficient to make the Party fail to find an argument in which the Applicable BSC Objectives were better facilitated.
- one respondent believed that the original intent of the Modification was to oblige the installation of such meters, a policy they supported.

However the 85% of respondents and Parties believed that there were circumstances where such a meter could have a net benefit and based on this they believed it would better facilitate the Applicable BSC Objectives. The following are examples of some of the points made:

- it is a proven registration and data collection process and would allow access to the data by all Parties, as such it must be more cost effective than introducing an alternative mechanism;

- it would provide an early warning that something might be going wrong with the registration of metering points and it is in the interests of all to avoid the Settlements process from being affected by missing or erroneous data;
- provision and monitoring of information that would enable ELEXON, BSC Auditors, BSC Parties and Ofgem to audit the individual performance of both new and existing participants, thus contributing to the overall quality of data entering Settlement;
- without such metering there is a requirement for losses and charges to be estimated. Errors in this estimation will potentially distort competition by allowing incorrect charges to be passed through to customers;
- the BSC panel has objectives not to effect the code in a manner which unduly discriminates against a class of parties. To effect p62 without p70 would be such a discrimination, since it would be prejudicial against Distributors as a class;
- both distributors will require metering in order to accurately perform the calculation of losses for the price control. Ofgem require a robust auditable process for this calculation.

In addition two respondents stated their support for P62 was based on P70 also being approved (three respondents stated the same in their P62 consultation responses).

13 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

A response received from the Transmission Company indicated that limited implications had been identified for the Transmission Company.

14 PROJECT BRIEF

This Modification requires no software changes and will only require changes to documentation:

- BSCP75 to define rules for creating aggregation rules;
- CVA documentation to define procedures for registering the meter in CMRS;
- potentially other changes, such as to BSCP20 for any specifics regarding the registration of these meters and BSCP26 to define any specifics for technical assurance.

An estimate of £12,300 was provided by the Central Service Provider to make the CVA documentation changes.

It is proposed that the other changes would be made as part of the P62 project and that any ELEXON costs should be absorbed as part of the existing costs associated with that implementation project.

The Implementation Date for P70 should be the same as for P62. [RD/1] states that if the Authority determine that Modification Proposal P62 be approved before 01 September 2002, then the proposed Implementation Date should be 01 August 2003, if the Authority decision is received after 01 September 2002, but before 30 June 2003, then the Implementation Date should be 30 June 2004.

ANNEX A – PROPOSED TEXT TO MODIFY THE BSC

Attached as separate document

ANNEX B – P70 CONSULTATION RESPONSES

Attached as separate document

ANNEX C – BSC AGENT IMPACT ASSESSMENTS

NETA Change Form	**MP/CP/TP No:** MP70
	Logica reference: ICR365
Title: CMRS Metering For Inter-DNO Boundaries Within A GSP Group	
Identified by: SEEBOARD	**Date received:** 17-April-2002

Statement of requirement
Baseline affected: NETA Service Definition Baseline (V1.0)
Assumed changes over baseline: None
Description of Change: See attached original MP70.
Proposed solution: See attached original MP70.
Justification for Change: See attached original MP70.
Proposed changes to Service Levels: None.
Proposed changes to the Agreement: None.
Attachments/references: APPENDIX B - MP70 Modification Proposal APPENDIX C - MP70 Potential solutions for assessment

To be completed by Logica			
	High Level Impact Assessment	Detailed Level Impact Assessment	Quotation
Tick which stage is being completed:	✓ (revised)		
Signed by Logica Contract Manager:			
Date:	01-May-2002		
HLIA category: Medium/Large		Price for DLIA: £15 000	
If this is a Quotation, are consequential modifications needed to the DLIA? Yes/No.			

Logica's proposal
Logica's understanding of the requirement: Three solutions have been proposed for assessment in order to address CMRS metering for inter-DNO boundaries within a GSP Group. For this assessment it has been assumed that P62 will cover any changes necessary (if any) to allow Licensed Distributors to registers metering systems and DSCPs.

Logica's proposed design solution:

Option 1

- Modify "Identify missing aggregation rules" report to exclude metering systems.
- Add internal field on metering system as a method if identifying which metering systems are to be excluded from the Aggregation Report.
- Software changes are required for identification of metering systems that require exclusion from the "Identify missing aggregation rules" report.

Option 2

- The null effect of "+ (DSCP * 0)" is preferred over "+ (DSCP – DSCP)" as the latter may cause double reporting as the DSCP appears twice in the rule.
- It is possible that the DSCP could have LLFs.
- It should be noted that for the Licensed Distributor to receive volume details they would require a copy of the PDSO's I030.
- As part of the revised assessment, tests were run to determine whether concerns over aggregation validation as this DCSP feeding into only one GSP Group rather than two were valid. The tests determined that this would not cause any problems.
- Documentation changes only are required for this option.

Option 3

- Introduce a new "Aggregation Point". This would include the following attributes: registrant (any BSC Party), optional GSP Group, effective dates, optional interested party. This would require a new table, form and flows.
- A new group would be added to I042 to report aggregation points.
- A new group would be added to I030 to report aggregation points which are linked to the GSP Group.
- Software changes are required for a new application form in CRA.

Option 1 is considered least preferential as this relies on process changes, system reporting changes and least replicates the normal working practices. Option 2 increases the risk of incorrect data entering the Settlements Process as Aggregation Rules could be accidentally set up that do not produce a null effect. It is of the opinion of Logica and IMServ that although Option 3 is the most expensive, it is the preferred enduring solution as there is a minimum risk of incorrect data entering Settlements by manual error.

Consequential changes to Project Deliverables:
IDD, URS, CDCA & CRA (Option 3), OSM (Option 2 & 3).

For proposed documentation changes, see attached table "Documentation updates required".

Consequential impact on BSC Service Users or Other Service Providers:

Testing strategy:

- Testing will only be performed on our own system with external interfaces being simulated as necessary. No allowance has been made for testing with external systems.
- No allowance has been made for ELEXON to witness testing.

Management plan for developing the Change:
(For proposed documentation changes, see attached table "APPENDIX A - Documentation updates required".)

Project plan for developing the Change:

The estimated time to complete the development of this option 1 is 6 weeks.
The estimated time to complete the development of this option 2 is 2 weeks.
The estimated time to complete the development of this option 3 is 8 weeks.

Method of deployment:

Patch	Is a planned outage required? No

Price for Design and Build:

Item description:	Price	Type of price:
Option 1	£45 800 (ex VAT)	Fixed
Option 2	£12 300 (ex VAT)	Fixed
Option 3	£112 000 (ex VAT)	Fixed

Price for Operate and Maintain:

Item description:	Price	Type of price:
Operate	£0	Fixed
Maintain – option 1	£534 (ex VAT) per month	Fixed
Maintain – option 2	£0 (documentation only)	Fixed
Maintain – option 3	£1 307 (ex VAT) per month	Fixed

If this is a DLIA or Quotation, is a price breakdown in the agreed format attached? Yes/No

Terms attaching to the offer

Validity period of offer: 30 days	**Type of offer:** Indicative

Assumed start date:

Payment milestones:
Logica will invoice in full for this change on deployment, or within one month of the change being ready for deployment.

Document turnaround time:
5 days

Impact on Service Levels:
None

Impact on performance of the System:

Other terms:

If this is a Quotation, is a draft contract amendment attached? Yes/No

Responsibilities of ELEXON:

Assumptions made by Logica:

- For all formal documentation which is subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in the price.
- Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change.
- Although P62 has not been given for assessment, it is assumed that P62 will require the creation of a new participant role for Licensed Distributors, and this change has been assessed on the basis that P62 has been implemented.
- It is assumed that the new Metering installed will be from the list of approved metering protocols and will be CoP compliant.
- It is assumed that the volumes of metering systems registered for this purpose will be low (i.e. less than 2 per month) and have therefore not considered the impact of high volumes of data in terms of maintenance of the current system or storage. To provide a detailed assessment would require an estimate of expected volumes.
- It is assumed that P62 will cover any changes necessary (if any) to allow Licensed Distributors to register metering systems and DSCPs.

Options and alternatives:

APPENDIX A - Documentation updates required

[Key: xxx indicates a new function/flow, that has not yet been numbered.]

Identifier	Option 1	Option 2	Option 3
CDCA-I001		Add provision of 'P70' rules.	Add provision of Aggregation Point rules.
CDCA-Fxxx			New function to aggregate for Aggregation Point similar to CDCA-F026 in LLF.
CDCA-F027		Extend point (2) to include 'P70'.	
CDCA-F002		(Note that detail of implementation will be amended to utilise the new flag when validating aggregation rules for completeness.)	Extend scope of validation to include new type.
CRA-Fxxx CRA-I014 CRA-Ixxx CRA-I019 CDCA-I002			Register Aggregation Point.
CRA-I031	Add field to indicate metering system not expected to appear in Aggregation Report.		
CRA-I027		Add flag to indicate whether DSCP or Inter-DNO connector.	