NOVEMBER 2002

MODIFICATION REPORT

MODIFICATION PROPOSAL P81 - Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises

Prepared by ELEXON on behalf of the Balancing and Settlement Code Panel

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I DOCUMENT CONTROL

a Authorities

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Version	Date	Reviewer	Signature	Responsibility
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0.2	24/10/02	VAMG		Modification Group Review
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b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c References

Ref.	Document	Owner	Issue Date	Version
1.	Modification Proposal P81	TXU UK	03/05/02	1.0
2.	Modification P81 Initial Written Assessment	ELEXON	10/05/02	1.0
3.	Modification P81 Definition Report	ELEXON	11/07/02	1.0
4.	P81 Requirements Specification	ELEXON	09/08/02	1.0
5.	P81 Consultation Document	ELEXON	13/09/02	1.0
6.	Modification P81 Assessment Report	ELEXON	11/10/02	1.0

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d Intellectual Property Rights and Copyright

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Modification process, and the resultant findings of this report, the Balancing and Settlement Code Panel (the Panel) recommends that:

- **Alternative Modification Proposal P81 should be made with an Implementation Date of 28 September 2003 if a determination is made by the Authority prior to 1 April 2003;**
- **Proposed Modification P81 should not be made. In the event that the Authority determines that Proposed Modification P81 should be made, the Implementation Date should be 28 September 2003 if a determination is made by the Authority prior to 1 April 2003; and**
- **the initial value of Small Scale Third Party Generating Plant Limit be set to a maximum total Generation capacity of 16 Amperes per phase on a low voltage single (230 Volt) or multi-phase (400 Volt) supply.**

Note for both the Alternative Modification and the Proposed Modification that Non Half Hourly Export energy will be treated as Non Half Hourly Import energy in Supplier Volume Allocation Runs carried out prior to the Calendar Date of 20 January 2004 (i.e. for the Settlement Days 28 September to 27 December 2003[1]). After 20 January 2004 all Supplier Volume Allocation Runs will correctly treat the export energy as Non Half Hourly Export energy, including the subsequent reconciliation runs for the Settlement Days of 28 September to 27 December 2003.

1.2 Background

Modification Proposal P81 'Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises' (P81) seeks to remove the requirement for domestic premises with Third Party Generating Plant to have Half Hourly (HH) Metering Equipment installed, if the Export energy is to be taken into account in Settlements.

The Proposer suggests that this will better facilitate competition in the supply and generation of electricity, by removing an obstacle to the use of micro-generation e.g. domestic Combined Heat and Power (CHP) and photovoltaic (PV) cells.

The New Metering Technology Working Group (NMTWG) and one of its sub committees, the Settlement Review Group (SRG), have been considering the current barriers to allowing new metering and generation technology and how these may be removed. The SRG has considered the profiling and other issues raised by P81 and some of their work has been used as a basis for progressing P81.

1.3 Rationale for Recommendations

The unanimous view of the Panel was that Alternative Modification P81 would promote effective competition in the generation and supply of electricity thus better facilitating achievement of Applicable BSC Objective (c). P81 would allow Small Scale Third Party Generating Plant (below a set capacity) to

[1] It is estimated that the Initial Volume Allocation Run (SF) for 27 December 2003 will be carried out on 20 January 2004. The Settlement Calendar, which determines the calendar days for each Settlement Run , for the BSC year 2003/04 is currently being calculated and is scheduled for approval in January 2003.

have their Export energy settled on a Non Half Hourly (NHH) basis and it would therefore encourage the growth of micro-generation technologies.

The Panel agreed that the Alternative Modification better facilitates competition in the generation and supply of electricity over the Proposed Modification. The Alternative Modification limits the size of the Export energy that could be treated as NHH and would therefore reduce the amount of error that could be introduced into the settlement process.

Ten responses to the consultation were received, six responses (27 Parties) supported the Panel's recommendations and one response (4 Parties) did not support the proposal. No new substantial arguments were raised however, concerns were raised over the Panel's decision to change the Implementation Date presented in the Assessment Report. A summary of the arguments raised during the consultation is given in section 8.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the Balancing and Settlement Code ('the Code'). The Code 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 Code.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

3 HISTORY OF PROPOSED MODIFICATION

P81 was raised on 3 May 2002 by TXU UK Ltd. P81 seeks to remove the requirement for domestic premises with Third Party Generating Plant to have HH Metering Equipment installed, if the Export energy from the Generating Plant is to be taken into account in Settlements. The Initial Written Assessment (reference 2) was submitted to the Panel meeting on 16 May 2002, where it was agreed to submit P81 to the Definition Procedure to be carried out by the Volume Allocation Modification Group (VAMG) supplemented with members of the SRG.

The VAMG met twice during the Definition Procedure and a Definition Report (reference 3) was presented to the Panel on 18 July 2002. The Panel agreed to submit P81 to a 3-month Assessment Procedure to be carried out by the VAMG.

The VAMG met three times during the Assessment Procedure of P81 and issued a high level impact assessment, a detailed level impact assessment and a consultation. The results of these were used by the VAMG to reach a recommendation, which was presented in the Assessment Report (reference 6). The BSC Agent costs highlighted in the Assessment Report were approximately £140,000 for the Proposed Modification and £150,000 for the Alternative Modification. The estimated ELEXON costs for hardware, testing and support of the development for both the Proposed Modification and the Alternative Modification are £200,000 and 25 man-days.

The Assessment Report for P81 was submitted for consideration at the Panel meeting of 17 October 2002. The Panel agreed with the recommendations of the VAMG and submitted P81 to the Report Phase. The Panel recommended that the Proposed Modification should not be made and that the Alternative Modification Proposal be made with an Implementation Date of:

- 20 January 2004 if a determination is made by the Authority prior to 1 April 2003

The Panel also recommended that the VAMG should investigate whether the implementation date could be brought forward. This would allow customers to be registered but not have the Supplier Volume Allocation Agent (SVAA) software changes to account for NHH Export energy in place for the initial Settlement Runs. The SVAA software changes would be implemented in time for later reconciliation runs for the Settlement Days affected. The VAMG views on this are discussed further in section 7.2.

The Panel also requested a change to the legal text so that the capacity limit for the Alternative Modification is not "hard-wired" into the Code but is a variable that can be changed by the Panel with the approval of the Authority.

On the basis of the Assessment Report, the Panel supported the VAMG view that P81 better facilitates achievement of the Applicable BSC Objectives, set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:

(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.

A draft Modification Report for P81 was issued for consultation on 25 October 2002. Ten responses, representing 27 Parties, were received. On the basis of the support for P81 given in the consultation responses, the Panel recommends to the Authority that:

- the Alternative Modification Proposal as set out in this report be made; and
- the Proposed Modification not be made.

The draft Modification Report was presented to the Panel meeting of 14 November 2002 and at this meeting the Panel agreed that the recommendation to the Authority would be that the Alternative Modification should be made and that the Proposed Modification should not be made.

4 DESCRIPTION OF THE MODIFICATION

4.1 Proposed Modification

P81 seeks to relax the current Code requirements, to allow Exports from domestic premises to be taken into account for Settlement purposes without HH Metering Equipment being installed. The rationale given for this is that the metering and data collection costs associated with HH Metering Equipment are disproportionate for micro-CHP and PV technologies.

P81 does not seek to change the current requirements for separate metering of Imports and Exports. This also means that any site wishing to have the Exports settled will need to have an Import and an Export Meter Point Administration Number registered.

During the P81 Definition Procedure the VAMG agreed that the definition for 'domestic premises' given in the Supply Licence Standard Conditions should be used:

`domestic premises' premises at which a supply is taken wholly or mainly for domestic purposes

There are also other circumstances defined in Condition 22 of the Supply Licence where the term Domestic Premises may apply. Following the consultation carried out as part of the Definition Procedure the VAMG agreed that Condition 22 would not apply.

The P81 Definition Procedure did not address the mechanisms that should be used within Supplier Volume Allocation (SVA) for reporting NHH Export energy. The VAMG considered this issue as part of the Assessment Procedure, and section 7 of this document describes the issues considered in more detail.

4.2 Alternative Modification

During the Definition Procedure the VAMG agreed that a capacity based alternative to using domestic premises should be investigated during the Assessment Procedure. This alternative had been identified in the Definition consultation responses as a way of limiting the potential errors entering the Settlement calculations and thereby impacting SVA Suppliers.

During the Assessment Procedure the VAMG agreed that the Alternative Modification would only apply to a premise where the total on site generation is no more than 16 Amperes per phase on a low voltage single (230V) or multi-phase (400V) supply, connected to a Distribution System. The rationale for this was to maintain consistency with the Distribution Code, which is currently developing a capacity banding for small generators connecting to distribution networks. This banding will be set to 16 Amps per phase, which is approximately 4 kW for a low voltage single phase supply and 12 kW for a low voltage 3-phase supply. The consultation responses during the Assessment Procedure supported this view.

When the Assessment Report was presented to the Panel at their meeting on 17 October 2002, the Panel requested a change to the legal drafting that would allow this capacity limit to be changed without requiring a Modification to the Code. The legal drafting has been changed and a new parameter has been added, Small Scale Third Party Generating Plant Limit (SSTPGPL). To change this limit the Panel will issue a consultation and then submit a recommendation to the Authority for approval. The VAMG recommend that the initial value of SSTPGPL is set as a maximum total Generation capacity of 16 Amperes per phase on a low voltage single (230 Volt) or multi-phase (400 Volt) supply. Although not directly linked, this initial value has been recommended as it is in line with the Distribution Code Banding and with the Electricity Safety, Quality and Continuity Regulations (ESQCR) 2002. The ESQCR were laid before Parliament on 28 October 2002 and come into force on 31 January 2003.

5 RATIONALE FOR PANEL RECOMMENDATIONS

5.1 Proposed Modification

The Panel agreed with the recommendations of the VAMG as set out in the Assessment Report (reference 6). The VAMG agreed that by allowing Third Party Generators at Domestic Premises to have their Export energy settled under a NHH Profile would better facilitate the achievement of applicable BSC Objective (c). The rationale given for this is that the metering and data collection costs associated with HH Metering Equipment are disproportionate for micro-CHP and PV technologies and therefore may cause a barrier to Generators wishing to use that type of Generating Plant.

Some members of the VAMG and some Assessment consultation responses indicated that allowing customers to move towards having Exports settled in the NHH Market went against the principles of the SVA arrangements. The reason for this is that it would not encourage customers to move to Half Hourly (HH) metering should metering solutions become viable for micro-generation.

The VAMG also noted that an alternative solution could be to install HH Metering Equipment that is treated under the Metering Outside of Settlement Timescales (M.O.S.T.) framework. This will allow data to be collected and enter settlements later in the reconciliation process (up to 14 months later). This will provide a source of half hourly data which could be used to determine Export Profiles for the specific micro-generation technologies and then consider if it is appropriate to allow Export energy to be settled on a NHH Profile.

5.2 Alternative Modification

The VAMG discussed possible alternatives to 'domestic premises' as defined in the Proposed Modification and agreed that a capacity based alternative would better facilitate competition of Supply over the Proposed Modification. The rationale for this was that it would limit the size of the Export energy that could be treated as NHH and would therefore reduce the amount of error that could be introduced into the settlement process.

It was also noted that expanding the type of premises that the Modification could be applied to would further facilitate competition and encourage growth of the micro-generation technologies over and above the Proposed Modification.

The Panel agreed with the recommendations of the VAMG as set out in the Assessment Report (reference 6) and agreed that the Alternative Modification should be made and the Proposed Modification should not be made.

6 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION

P81 requires changes to sections L, X and X-2 of the Code. The changes to the legal text of the Code in the following sections are based on version 2.0 of Section L, version 9.0 of Section X-1 and version 10.0 of Section X-2. If the baseline of the Code changes prior to implementation of P81, or if other Modification Proposals are to be implemented at the same time as P81, the legal text may need to be amended to realign to the new baseline.

A summary of the changes is given below for both the Modification Proposal and the Alternative Modification Proposal, and a detailed red lined version of the Legal text is included in Annex 2. In summary:

6.1 Proposed Modification

Section L — Paragraph 2.2.1 (c) will be updated to exclude domestic premises from the need to have Half Hourly Metering Equipment installed.

Section X-1 — A definition for 'domestic premises' will be added to the definitions table.

Section X-2 — Table 8 will be updated to include the new CCC for Non Half Hourly Export

6.2 Alternative Modification

Section L — A new paragraph will be inserted as section 1.5 to give details of the Small Scale Third Party Generating Plant Limit and the mechanism for changing it. Paragraph 2.2.1 (c) will be updated to exclude Small Scale Third Part Generating Plant from the need to have Half Hourly Metering Equipment installed.

Section X-1 — A definition for 'Small Scale Third Party Generating Plant' will be added to the definitions table.

Section X-2 — Table X-2 will be updated to include the definition for Small Scale Third Party Generating Plant Limit and Table X-3 will be updated to define SSTPGPL. Table 8 will be updated to include the new CCC for Non Half Hourly Export.

7 ASSESSMENT

This section of the report summarises the assessment carried out by the VAMG during the Assessment Procedure. Full details are contained in the P81 Assessment Report (reference 6), which may be found on the BSC website at www.elexon.co.uk.

During the Assessment Procedure the VAMG considered these issues and a high level impact assessment was issued to seek BSC Party, Party Agent and BSC Agent views on the possible implementation methods for both the Proposed Modification and the Alternative Modification. The VAMG discussed the responses and from this defined the implementation solution to be used. A detailed level impact assessment was then issued to BSC Parties, Party Agents and BSC Agents to seek views on the implementation timescale needed. A consultation document was also issued to seek BSC Party and non BSC Party views on the issues raised by P81. The majority of the consultation responses agreed with the view of the VAMG that P81 better facilitated the BSC Objectives but that the Alternative Modification better facilitated the BSC Objectives when compared to the Proposed Modification.

The responses to the consultation and both the high level and detailed level impact assessment can be found in the Assessment Report (reference 6) and the conclusions of the VAMG are detailed below. From the results of these the estimated BSC Agent costs for implementing the Proposed Modification are approximately £140,000.

The estimated ELEXON costs for hardware, testing and support of the development for the Proposed Modification are £200,000 and 25 man-days.

7.1 Implementation Method

The VAMG discussed several different profiling methods that could be used for implementing Proposed Modification P81. It was agreed that the solution should be as summarised below, further details can be found in the Assessment Report (reference 6) and the Assessment consultation document (reference 5):

- "Chunked" demand Profiles with Standard Settlement Configurations (SSCs) and switching times determined from Generation data for each type of micro-generation. A demand Profile would be used for both Import and Export Metering Systems but the switching times for the two Metering Systems could be different.
- A new item will be added to the Data Transfer Catalogue (DTC) that will indicate in the Market Domain Data (MDD) flows if an SSC is to be used for Import or Export Metering Systems. This requires a change to the DTC and a change proposal has been raised to progress this. This new data item will allow Suppliers and their Agents to identify if a NHH Metering System is an Import or an Export Metering System, it will also allow the readings from any Export Metering System to be treated as positive values in the NHH Data Collection and Data Aggregation systems. The Supplier Volume Allocation Agent will then use the new data item to process the Export readings correctly in their calculations.
- New Consumption Component Classes (CCC) will be added to allow explicit reporting of the total volume of NHH Export energy. This will also provide consistency with the half hourly market, where Export energy is assigned to specific Export CCCs.

7.2 Implementation Date

In the Assessment Report (reference 6) the VAMG proposed an Implementation Date of 20 January 2004 but noted that it may be possible to bring this forward and allow Metering Equipment to be registered without the changes taking place to the Supplier Volume Allocation Agent Systems.

At their meeting of 17 October 2002 the Panel agreed that the VAMG should investigate if it was possible to bring forward the Implementation Date for P81.

The VAMG agreed that it is possible to implement the changes to the Code and then allow the changes to the SVAA software to be implemented later.

The VAMG considered the Implementation Date of the 28 September 2003, as the Settlement Calendar for 20 January 2004 indicates that the following Settlement runs will take place on that date[2]:

Run Number	Settlement Date
SF	27-Dec-03
R1	28-Nov-03
R2	26-Sept-03 27-Sept-03 28-Sept-03
R3	19-Jun-03
RF	27-Nov-02

This means that Suppliers will be allowed to register Export Metering Systems against an Export SSC but from 28 September 2003 until 20 January 2004 these SSCs will be treated as Import energy rather than Export energy by the SVAA software as it is not possible to distinguish between them until the software changes are implemented

The VAMG noted that, by not implementing the software changes when the Code changes are implemented, inaccuracies in BSC Party cashflows will be introduced into the Settlement calculations. This is true, however in the initial stages of introducing the micro-generation technology into the market, the uptake is likely to be small and therefore the amounts of NHH Export energy being treated as NHH Import energy are likely to be small. These small quantities of Export energy will have little effect on the overall imbalance position of a BSC Party and therefore little effect on the BSC Party cashflow. As the software will be implemented by the second timetabled Reconciliation Run (R2) any changes in cashflow due to the Export energy will be picked up in the reconciliation runs.

An example of the potential error that could be introduced into the Settlement cashflows is:

- Maximum potential generation per micro-CHP unit per year = 1.5 MWh on the assumption that the customer exports all the energy generated by the unit
- Maximum potential error introduced into Settlements per year per generation unit = approx. 3 MWh

If the changes to the Code were to be implemented without the software changes it would still be necessary to implement the documentation changes on the Implementation Date. It would also be necessary to have the new SSCs approved by the Panel, and these would need to be available to those BSC Parties and Party Agents that wished to use them. The changes to the DTC would not necessarily need to have been implemented on the Implementation Date, as long as the SSC information was available to Participants. However, these changes would need to be in place before the SVAA software was implemented. Change proposals for the changes to the Data Catalogue have been raised and these are being progressed separately.

[2] This is only an estimate of the Settlement Calendar for 20 January 2004 as the official version has not yet been published.

The VAMG therefore propose that an Implementation Date of 28 September 2003 is used if a determination is received from the Authority prior to 1 April 2003. This will allow the R2 run for the 28 September 2003 to be corrected when the SVAA software is implemented on 20 January 2004, leaving R3 and RF for any final changes. The time between 1 April 2003 and 28 September 2003 will also allow the Profile Administrator to develop the SSCs needed and allow them to be agreed and published by the Panel.

7.3 Alternative Modification Proposal

The VAMG assessed a capacity based alternative to 'domestic premises' and agreed that the limit for allowing Third Party Generators to have their Export energy settled under a NHH Profile would be 16 Amps per phase for 230V single phase and 400V multi-phase as this would keep the Code in line with current changes to the Distribution Code.

The implementation method of the Alternative Modification is essentially the same as for the Proposed Modification, the only change being the amount of research the Profile Administrator needs to do to determine the switching times for the new SSC. The reason for this is that it will be necessary to determine switching times for Profiles other than just the domestic Profiles. The additional cost is estimated as £10,000 and the total BSC Agent costs for the Alternative Modification were estimated during the Assessment Procedure as £150,000.

The estimated ELEXON costs for hardware, testing and support of the development for the Alternative Modification are £200,000 and 25 man-days.

8 SUMMARY OF REPRESENTATIONS

The draft Modification Report was issued for consultation on 25 October 2002 with responses due back on 1 November 2002. Ten responses were received with 6 responses (27 Parties) supporting the recommendations, 5 unconditionally and 1 noted concerns on the change in Implementation Date.

One response (4 Parties) did not support the recommendation for approval of the Alternative Modification and three further responses had no comment. A table summarising the responses received and the actual responses themselves can be found in Annex 1 of this report, a summary of the arguments brought up in the responses is given below.

	Responses	BSC Parties
For	6	27
Against	1	4
No Comment	3	4
Total	10	35

8.1 Arguments Supporting P81

The Report Phase consultation responses raised no new substantive arguments in support of the P81 (see Assessment Report, reference 6). However the arguments supporting P81 given in reiterated the belief that the P81 Alternative Modification provides a solution, which does not require major changes to the existing profiling arrangements, but provides the degree of accuracy and flexibility required for small distributed generation.

One new comment raised during the Report Phase consultation was support for the proposed flexibility for the Panel to be able to change the SSTPGL as long as there is the requirement to hold an industry consultation and seek approval from the Authority prior to any changes being made.

8.2 Arguments Against P81

The Report Phase consultation responses raised no new substantive arguments against the Alternative Modification. Concerns were raised about the Panel's decision to change the Implementation Date presented in the Assessment Report. The arguments given are summarised below with comments for resolving the issues in italics:

- One response noted concerns over the fact that changes were made to the Modification at the end of the Assessment Procedure without appropriate industry debate. *The Report Phase principally allows for comments to be raised on the drafted legal text to give effect to the Modification Proposal.*

- Concern raised was the change in implementation date to allow registration of Metering Systems without the SVAA software having been implemented. In doing this an error will be introduced into the Settlement process and it was suggested that it would not be sensible or efficient to deliberately introduce a small risk of Settlement error, even if it is for a relatively short period of time. It is also suggested that introducing inefficiencies in this way could have unforeseen repercussions for the Settlement systems and the genuine benefits of increasing competition through the Alternative Modification may be lost. It was therefore suggested that it would promote more efficiency in the trading arrangements and increase competition in general, to wait until the SVAA software has been implemented before allowing Metering Systems to be registered. *It is believed that the risk that is introduced to Settlement is minimal and that allowing customers to register NHH Export meters earlier will better facilitate competition and reduce a potential barrier.*

- A further concern raised was, should the Panel chose, in the future, to increase the SSTPGPL this could mean that premises that currently have a HH Metering System installed could become eligible to have a NHH Metering System installed. The concern was that should this happen the data entering Settlements would decrease in accuracy. It was suggested that a time limit be introduced between which it would be possible for a customer to move from HH to NHH metering. *This issue has been clarified with the Party who raised it, and it was acknowledged that this could be seen as discriminatory. Currently the sub 100 kW Half Hourly market allows participants to change from HH to NHH without any restrictions.*

- A response rejected both the Proposed Modification and the Alternative Modification and suggested that P81 would not bring about "competition in generation" unless micro-generation is installed in large numbers. It is then suggested that, should large numbers be installed, P81 becomes unacceptable as it potentially introduces inaccuracy and inefficiency in Settlements and is therefore not facilitating BSC Objective (d). It is suggested that by using the money to be spent on BSC System changes needed for P81 on subsidising HH data collection whilst the micro-generation market develops, the BSC Objectives would be better facilitated. This is because it would provide sufficient data to identify the most appropriate Settlement solution. *This argument was discussed by the VAMG during the Assessment Procedure and it was agreed that implementing a NHH solution would promote competition and better facilitate the Applicable BSC Objectives..*

- A further area of concern raised was the potential errors that could occur if data collectors and meter operators are not adequately trained. It was assumed that this would be the responsibility of ELEXON to ensure that the Performance Assurance Framework is sufficiently robust. *It should be*

noted that Code of Practice Eight 'Code of Practice for the Metering of Energy Imports and Exports via Low Voltage circuits fused at 100 Amps or less per phase for Non Half Hourly Settlement purposes' is seeking to standardise the sequence and format of register displays for visual and electronic data retrieval from NHH Meters. The initial part of Code of Practice Eight is due to be implemented in spring 2003. It is also envisage that during the initial implementation of P81, ELEXON will monitor the data that is being passed though to Settlements to capture any potential errors that are occurring. It should be noted that this will incur additional operational costs that have not been accounted for in the costs highlighted in this document.

8.3 Panel Discussion of Representations

At the Panel meeting of 14 November 2002, the arguments raised in the consultation responses against P81 were presented. The Panel noted the issues raised by BSC Parties in the consultation responses and one Panel member asked if the Parties had been contacted to discuss the issues. It was confirmed that the Parties had been contacted and that they were satisfied that the issues had been addressed either in the Modification Report or during the Assessment Procedure. Another Panel member queried the risk involved in allowing the Code changes to be implemented without the SVAA software in place. It was noted that there will be initial cashflow inaccuracies but Export energy will be treated correctly by the second reconciliation run and with the small numbers anticipated the risk is small.

ANNEX 1 REPRESENTATIONS

A1.1 Summary of Representations

The draft Modification Report was sent out for consultation on 25 October 2002 with responses due back on 1 November 2002. The table below gives a summary of the responses and the actual responses received are attached below.

	Responses	BSC Parties
For	6	27
Against	1	4
No Comment	3	4
Total	10	35

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	Response summary
1.	NGC	P81_DR_001	1	No Comment
2.	Western Power Distribution	P81_DR_002	1	For
3.	Aquila Networks	P81_DR_003	1	No Comment
4.	SEEBOARD	P81_DR_004	1	For
5.	YEDL/NEDL	P81_DR_005	2	No Comment Concerned about the Panel making changes
6.	Scottish and Southern	P81_DR_006	4	Against
7.	Scottish Power	P81_DR_007	5	For. Noted concerns on: • the change to the Implementation Date • Should be a limit to allowing customers to go from HH to NHH if the capacity limit is changed.
8.	Npower	P81_DR_008	1	For
9	Powergen	P81_DR_009	12	For
10	LE Group	P81_DR_010	7	For

A1.2 Detailed Responses

P81_DR_001 – NGC

We have no comments on the draft Modification Report for P81.

Clare Talbot
National Grid

P81_DR_002 – Western Power Distribution

Western Power Distribution welcomes the Panel decision to recommend acceptance of P81 alternative modification. It will promote effective competition in the generation and supply of electricity (applicable BSC objective c)

Graham Smith

Western Power Distribution

P81_DR_003 – Aquila Networks

Please find that Aquila Networks Plc response to P81 Removal of Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises is 'No Comment.'

Regards,

Jason Guest (on behalf of Rachael Gardener)

Jason J Guest
Distribution Support Office
Aquila Networks plc

P81_DR_004 – SEEBOARD

With respect to draft modification report for P81 (Removal Of The Requirement For Half Hourly Metering On Third Party Generators At Domestic Premises) dated 25th October 2002. We agree that alternative modification should be made and with timescales for its implementation detailed in section 1.1 of that report.

Dave Morton
SEEBOARD Energy Limited

P81_DR_005 – YEDL/NEDL

YEDL and NEDL are concerned about the proposal that the Panel are allowed to make changes to the proposed modification without appropriate industry debate.

Could you please clarify this please?

Thanks
Sue Calvert

P81_DR_006 – Scottish and Southern

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

Further to your note of 25th October 2002, and the associated Draft Modification Report for P81, we agree with the proposed BSC Panel recommendation to the Authority that the Original Modification Proposal P81 should not be made.

We do not agree with the proposed BSC Panel recommendation that the Alternative Modification Proposal P81 should be made.

We are concerned that the impact on systems and processes, from Modification Proposal P81, may turn out to be expensive, unwieldy and lead to inaccuracy in the data entering settlements. Our suggestion as detailed in section 5.1 of the report is to use HH metering but with less onerous data collection requirements. This approach would minimise systems? changes in the short term and enable more analysis to be done to establish the best solution for the future. Indeed we believe that the applicable BSC Objective would be better met by using the £100k+ that would be spent, subsidizing HH data collection whilst this initiative gets off the ground and provides sufficient information to identify the most appropriate solution. This would also avoid system changes to the core SVA software.

We note that the proposed solution, of NHH metering, will not enable these generators to maximise rewards for their generation, i.e. micro CHP is likely to be generating at the winter daily peaks but profiling will not allow this to be measured explicitly.

In respect of the arguments outlined in regard to this Modification concerning the applicability of BSC Objective (c) we regard these as weak. We believe that this type of micro generation is unlikely to bring about 'competition in generation' unless it is installed in large numbers at which point the solution in the P81 Modification becomes unacceptable because it introduces inaccuracy/inefficiency in Settlements i.e. it would be counter to Objective (d) . We note that the Modifications' Group were generally in agreement that the proposed solution was probably only suitable if numbers were small. The solution offered was that a Party could raise another Modification if numbers grew substantially. We would like to point out that it would be too late if we discovered that we should have used a HH solution in a couple of years and that it would significantly affect the marketplace for micro generation if they had developed their offering based on NHH only for HH to be required due to the problems we have identified here, and in our previous comments on P81, coming to fruition

Regards

Garth Graham
Scottish & Southern Energy plc

P81_DR_007 - Scottish Power

P81 Draft Modification Report Comments

With reference to the above, I would iterate our previous view in support of P81 Alternative.

However, we are concerned with the following issues discussed in the report and are not in support of the report unless the drafting is amended to reflect our comments: -

1. In Section 3 (page 6, Para 1), the Panel has suggested that implementation could be brought forward, despite the fact that the SVAA software will not have been rolled out by then. The risk of introducing errors into Settlement for a period of time is acknowledged (Section 7.2 of the Report), although the risk is downplayed in terms of the volume of NHH energy which will come through Settlement. It does not seem either sensible or efficient to us to deliberately introduce a small risk of Settlement error even if this is for a relatively short period of a few months. By introducing inefficiency in this way, the genuine benefits of increasing competition through P81 Alternative may be lost and could conceivably have other unforeseen repercussions for the Settlements systems in general. We believe that, for the sake of a few months, particularly when it is acknowledged that take up of the P81 solution will be minimal, it promotes both more efficiency in the trading arrangements and increases competition in generation to wait until the SVAA software is fully up to speed. We continue to support the original proposed implementation date which was suggested in the P81 Assessment Report, viz. 20 January 2004.
2. The Panel is seeking to have the right to change the capacity limit, albeit following a round of consultations and formal approval from the Authority. However, we believe that if Half Hourly metering is already in use at a site, for the sake of accuracy, it should remain. It may be discriminatory to deny a change of measurement class for those genuinely domestic sites that have HH metering at present. We feel that this could be resolved by using a sunset clause, and would ensure that those sites with a greater capacity will not be able to take advantage of any future shift in the capacity limit to have their metering swapped over.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours sincerely,

Man Kwong Liu
Calanais Ltd.
For and on behalf of: - Scottish Power Plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation Plc.; ScottishPower Energy Retail Ltd.; SP Transmission Plc

P81_DR_008 – Npower

With reference to your email dated 25th October, I wish to advise you that Npower Ltd's response is in agreement to the draft Modification Report and draft legal text in respect of P81.

Regards,

Ros Parsons
npower

P81_DR_009 – Powergen

P81 Modification Report Comments

This response is made on behalf of 12 BSC Parties* in the Powergen group.

Powergen supports the recommendation of the P81 Modification Group and the Panel that P81 Alternative modification should be implemented. We believe that the alternative proposal provides the best balanced solution, which does not require a major change to the existing profiling arrangements, but provides the degree of accuracy and flexibility required for small distributed generation.

We agree that a solution should not be limited to domestic premises and that a capacity limit should exist instead. The proposed flexibility for the Panel to change this limit also seems appropriate, given the requirement to consult the industry and seek Ofgem approval. Without this additional protection we would be concerned about the potential for the solution to be extended to classes of generation for which profiling is not appropriate.

We also agree with the changes proposed to the DTC to include a new data item identifying whether a register is measuring import or export and that new SSCs and CCCs will be required.

The only area of potential concern we have is regarding the potential data errors which could arise if data collectors and meter operators are not adequately trained, or if it is not sufficiently clear that a Non Half Hourly meter is measuring export. We assume that the service delivery team at Elexon will ensure that the performance assurance framework is sufficiently robust to this.

Yours sincerely,

Paul Jones
Trading Arrangements

(* Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited, Cottam Development Centre Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited.)

P81_DR_010 – LE Group

LE Group support the proposed changes recommended in the Draft Modification Report for BSC modification P81 "Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises". We believe that the alternative modification recommended in the paper represents the best solution in terms of its level of impact on the industry and in its capability to enable the settlement of micro-generation energy produced by both domestic and commercial customers.

Regards,

Alec Thompson
on behalf of Liz Anderson, Energy Strategy and Regulation Manager, LE Group.

Representing the following BSC Parties:
London Electricity Group Plc, London Electricity Plc, Jade Power Generation Ltd, Sutton Bridge Power Ltd, West Burton Power, London Power Network Plc, and Eastern Power Network Distribution Ltd

ANNEX 2 LEGAL TEXT

See attached document (P81 Legal drafting v12).