

## ATTACHMENT 2 - DRAFT LEGAL TEXT

### MODIFICATION P216

#### ALTERNATIVE SOLUTION

##### Section K (Version 25.0)

*Paragraph 1.7 shall be amended as follows:*

##### **1.7 Line Loss Factors**

~~1.7.1 Each Licensed Distribution System Operator, or such other person as the Panel may agree, shall establish and submit to the Panel in accordance with BSCP28 (for CVA Metering Systems) and BSCP528 (for SVA Metering Systems) Line Loss Factors applying in respect of each Metering System on its Distribution System(s) and Associated Distribution System(s) (if any).~~

1.7.1 Line Loss Factors applying in respect of Metering Systems on Distribution System(s) and Associated Distribution System(s) shall be established in accordance with this paragraph 1.7.

1.7.2 Line Loss Factors may be established for a single Metering System or for a class (of a description specified by the **Licensed** Distribution System Operator) of Metering System.

~~1.7.3 Line Loss Factors shall be subject to the approval of the Panel.~~

~~1.7.4 If for any relevant Metering System the Panel does not approve the Line Loss Factors submitted by the Licensed Distribution System Operator:~~

~~(a) the Panel shall so inform the relevant Licensed Distribution System Operator; and~~

~~(b) that Licensed Distribution System Operator shall re-submit Line Loss Factors for the relevant Metering System to the Panel.~~

~~1.7.5 Where at any time in relation to a Metering System:~~

~~(a) no Line Loss Factors have at any time been submitted or approved; or~~

~~(b) previously approved Line Loss Factors have expired and no new Line Loss Factors have been submitted or approved in accordance with paragraph 1.7.1;~~

~~then a default value established in accordance with BSCP28 (for CVA Metering Systems) or BSCP528 (for SVA Metering Systems) shall be applied as the Line Loss Factor until such time as the Licensed Distribution System Operator submits a set or a new set (as the case may be) of Line Loss Factors for the relevant Metering System which are approved by the Panel, whereupon the new approved Line Loss Factors shall be applied to the relevant Metering System for the period to which they relate (but excluding periods prior to the date of such approval) in accordance with BSCP28 (for CVA Metering Systems) or BSCP528 (for SVA Metering Systems).~~

1.7.36 For the avoidance of doubt, ~~in relation to a Metering System at a Boundary Point on a Distribution System which is not directly connected to the Transmission System;~~ a the relevant Licensed Distribution System Operator shall submit a Line Loss Factor relating to a Metering System at a Boundary Point on a Distribution System where such Distribution System is indirectly connected to the Transmission System must ~~which~~, when applied to

data relating to such Metering System, converts such data into a value at the Transmission System Boundary, ~~that is to say including~~ with such Line Loss Factor to take into account distribution losses both on:

- (a) ~~that is~~ Distribution System; and
- (b) ~~on the any other~~ Distribution System by which it is indirectly connected to the Transmission System.

1.7.4 Principles ("LLF methodology principles") pursuant to which each Licensed Distribution System Operator shall establish a methodology ("LLF methodology") for calculating the Line Loss Factors applying in respect of each Metering System or any class of Metering System on its Distribution System(s) (or Associated Distribution System(s) (if applicable)) shall be contained in BSCP128.

1.7.5 The LLF methodology principles shall seek to balance the requirements for accuracy and consistency of Line Loss Factors and transparency in the establishment of methodologies for calculating Line Loss Factors with the requirement for administrative convenience.

1.7.6 Each Licensed Distribution System Operator shall:

- (a) prepare a proposed LLF methodology in accordance with BSCP128 and the LLF methodology principles and submit the proposed LLF methodology to BSCCo;
- (b) where authorised to do so by the Panel take into account market wide issues in preparing such proposed LLF methodology; and
- (c) in accordance with BSCP128, in respect of each BSC Year after the first year for which such LLF methodology was approved by the Panel pursuant to paragraph 1.7.7 (d), either:
  - (i) confirm to BSCCo that the prevailing LLF methodology remains consistent with the LLF methodology principles and has not been revised; or
  - (ii) prepare a proposed revised LLF methodology in accordance with the LLF methodology principles and submit the proposed revised LLF methodology to BSCCo.

1.7.7 In relation to each BSC Year, in accordance with BSCP128:

- (a) BSCCo shall review each proposed LLF methodology (which term in this paragraph 1.7.7 shall include a proposed revised LLF methodology) submitted pursuant to paragraph 1.7.6, as to its compliance with the LLF methodology principles;
- (b) BSCCo when carrying out the review in accordance with paragraph 1.7.7(a) shall identify:
  - (i) any non-compliance in the proposed LLF methodology with the LLF methodology principles; or
  - (ii) a failure by the Licensed Distribution System Operator to submit a proposed LLF methodology or the confirmation referred to in paragraph 1.7.6(c)(i) within the required time and in accordance with the requirements of BSCP128.

and thereafter BSCCo shall so inform the Licensed Distribution System Operator and may allow the Licensed Distribution System Operator to amend or submit its proposed LLF methodology or confirmation (as applicable) within the further timescales provided in BSCP128;

(c) BSCCo shall prepare and issue to the Panel a final report that shall:

- (i) recommend the approval of each proposed LLF methodology where no non-compliance with the LLF methodology principles was identified or where a non-compliance that was identified has been corrected; or
- (ii) state if any continuing non-compliance(s) were identified in the proposed LLF methodologies with the LLF methodology principles; or
- (iii) state that the Licensed Distribution System Operator has failed (by the required time and in accordance with the requirements of BSCP128) to submit a proposed LLF methodology or (as the case may be) give the confirmation required under paragraph 1.7.6(c)(i);

(d) the Panel shall upon receipt of the report referred to in paragraph 1.7.7(c):

- (i) consider whether the proposed LLF methodology complies with the LLF methodology principles and, if it does so comply, approve the proposed LLF methodology; or
- (ii) note any non-compliance(s) in respect of each proposed LLF methodology with the LLF methodology principles; or
- (iii) note that the Licensed Distribution System Operator failed by the required time and in accordance with the requirements of BSCP128 to submit a proposed LLF methodology or (as the case may be) give the confirmation required under paragraph 1.7.6(c)(i);

(e) BSCCo shall prepare and issue to each Licensed Distribution System Operator a report relating to paragraph 1.7.7(d) which shall, in respect of that Licensed Distribution System Operator,:

- (i) state whether their proposed LLF methodology has been approved by the Panel; or
- (ii) identify any non-compliance(s) in their proposed LLF methodology with the LLF methodology principles that were noted by the Panel; or
- (iii) confirm that the Panel has noted that the Licensed Distribution System Operator failed by the required time and in accordance with the requirements of BSCP128 to submit a proposed LLF methodology or (as the case may be) give the confirmation required under paragraph 1.7.6(c)(i); and

(f) BSCCo shall prepare and provide to the Performance Assurance Board a report giving details of all non-compliance(s) noted by the Panel in accordance with paragraph 1.7.7(d)(ii) and any failure referred to in paragraph 1.7.7(d)(iii).

1.7.8 In accordance with BSCP128 each Licensed Distribution System Operator shall:

(a) calculate Line Loss Factors in accordance with its relevant LLF methodology as approved by the Panel under paragraph 1.7.7(d); and

(b) submit to BSCCo such Line Loss Factors in relation to each BSC Year;

in respect of each Metering System or class of Metering System on its Distribution System(s) (or Associated Distribution System(s) (if applicable)).

1.7.9 BSCCo shall, in relation to each BSC Year, in accordance with BSCP128:

(a) carry out an audit, on the basis (including as to representative samples) provided in BSCP128, and in respect of the Line Loss Factors submitted by each Licensed Distribution System Operator, as to their compliance with the applicable approved LLF methodology and other requirements of the Code;

(b) where it identifies any non-compliance by any Line Loss Factor(s) with the applicable approved LLF methodology or any other requirement of the Code, inform the Licensed Distribution System Operator of such non-compliance and allow the Licensed Distribution System Operator to amend the relevant Line Loss Factor(s) within the timescales provided in BSCP128;

(c) prepare and issue to the Panel a final report that shall specify:

(i) the Line Loss Factor(s) (including any Line Loss Factor amended under paragraph (b)) for which the audit did; and

(ii) the Line Loss Factor(s) (including any Line Loss Factor amended under paragraph (b)) for which the audit did not,

identify a non-compliance with the applicable approved LLF methodology and other requirements of the Code;

(d) provide to the Performance Assurance Board a copy of such report referred to in paragraph 1.7.9(c) giving details of all non-compliance(s) so identified; and

(e) prepare and issue to each Licensed Distribution System Operator a final report which shall specify in respect of that Licensed Distribution System Operator those matters set out in paragraphs 1.7.9(c).

1.7.10 The Line Loss Factors for which no non-compliance was identified in BSCCo's report under paragraph 1.7.9(c) shall be subject to the final approval of the Panel.

1.7.11 Each Licensed Distribution System Operator shall correct any non-compliances identified in BSCCo's report under paragraph 1.7.9(c), and report to the Panel in respect of such correction. The Panel may approve the use of a corrected Line Loss Factor(s) for the remainder of the relevant BSC Year with effect from the date of such approval, and shall notify the Performance Assurance Board and BSCCo of such approval.

1.7.12 In relation to any newly established Metering System(s) for which (in relation to a given BSC Year) Line Loss Factor(s) were not submitted in the annual process under paragraph 1.7.8, and which do not belong to a class of Line Loss Factor approved under paragraph 1.7.10 or 1.7.11, the procedure in paragraphs 1.7.8 to 1.7.11 shall apply but in accordance with the separate timescales set out in BSCP128.

1.7.13 Where and for so long as:

(a) a **Licensed** Distribution System Operator fails to submit a proposed LLF methodology or the relevant confirmation under paragraph 1.7.6 or the proposed LLF methodology is not approved by the Panel; or

(b) the Line Loss Factor(s) in respect of any Metering System(s) are not approved by the Panel under paragraph 1.7.10 or 1.7.11;

then default values for the Line Loss Factor(s) for the relevant Metering Systems shall be determined and applied in accordance with BSCP128.

1.7.14 An approved Line Loss Factor shall not be revised in the BSC Year for which it is approved except for a Site Specific Line Loss Factor which may be revised to apply prospectively in accordance with BSCP128. The Panel may approve such revised Site Specific Line Loss Factor in accordance with BSCP128.

1.7.15 BSCCo shall submit the applicable values (approved or default, in accordance with paragraphs 1.7.10, 1.7.11 or 1.7.13) of Line Loss Factors in respect of CVA Metering Systems to the CDCA and in respect of SVA Metering Systems to the SVAA and thereafter publish them on the BSC Website.

1.7.16 In addition to the matters specified in paragraph 1.7.9, BSCCo shall audit (with such audit forming part of the audit under paragraph 1.7.9), on the basis (including as to representative samples) provided in BSCP128, as to whether each **Licensed** Distribution System Operator has assigned to its Metering Systems the correct Line Loss Factor Class, and shall report its findings to the Panel.

1.7.17 BSCCo shall in accordance with BSCP128 provide to the Performance Assurance Board a copy of the report giving details of any non-compliance(s) identified in paragraph 1.7.16.

1.7.18 BSCCo may contract with another suitably qualified person (not being a Party or Affiliate) to undertake the review under paragraph 1.7.7 and/or audit under paragraph 1.7.9.

1.7.19 A **Licensed** Distribution System Operator may, with the approval of the Panel, delegate the carrying out of its functions under this paragraph 1.7 in relation to any Metering System(s) to another person.

## **Section X, Annex X-2 (Version 25.0)**

*The following new term/expression shall be inserted in Table X-2 after the term/expression Line Loss Factor:*

<u>Line Loss Factor Class</u>	<u>LLFC</u>		<u>A set of SVA Metering Systems defined by a <b>Licensed</b> Distribution System Operator relating to any one or more of its Distribution System(s) that are assigned the same Line Loss Factor for the relevant Settlement Period.</u>
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*The following new term/expression shall be added in Table X-2 after the term/expression Settlement Period Duration:*

<u>Site Specific Line Loss Factor</u>			<u>A Line Loss Factor established for a single Metering System as provided in Section K1.7.2.</u>
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*The following new acronym shall be inserted in Table X-3 after the acronym for Bid-Offer Acceptance Number:*

<u>LLFC</u>		<u>Line Loss Factor Class</u>
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*The following expression in Table X:6 shall be amended as follows:*

Line Loss Factor Class			A set of SVA Metering Systems defined by a Distribution System Operator and relating to any one or more of its Distribution System(s) and that are assigned the same Line Loss Factor for <del>the relevant</del> <u>each</u> Settlement Period.
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