DEFINITION CONSULTATION for Modification Proposal P216 'Audit of LLF Production'

Prepared by: P216 Modification Group

For attention of: BSC Parties and other interested parties
Responses due: **5:00pm** on 18 September 2007
(to: **modification.consultations@elexon.co.uk**)

Date of Issue:	12 September 2007	**Document Reference:**	P216DC
Reason for Issue:	For Consultation	**Version Number:**	1.0

This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.[1]

P216 seeks to provide additional assurance to the industry and the BSC Panel that the Line Loss Factors (LLFs) they are approving are accurate and consistent with the methodology published. P216 proposes that this assurance is achieved through the auditing of these methodologies and the use of spot checks on the allocation of the correct Line Loss Factor Classes (LLFCs) to Metering Systems. P216 further seeks to ensure that Line Loss Factors are not changed part way through a year.

PURPOSE OF CONSULTATION

This consultation seeks respondents' views regarding P216 and, in particular:

- Whether respondents have views on the perceived defect (with regard to the transparency of LLF calculations and the materiality of inaccurate LLFs) which P216 seeks to address;
- What respondents believe LLFs currently represent, and what they should represent in Settlement;
- Whether respondents support the principle proposed by P216, that because LLFs are used primarily within the BSC for Settlement purposes, the LLF methodologies should sit under the BSC;
- Whether respondents believe that a solution utilising a common LLF methodology across all GSP Groups should be considered as part of the Assessment Procedure for P216;
- Whether respondents have any suggestions on how the impact of inaccurate LLFs (on Settlement and Parties) can be determined during the Assessment Procedure;
- Whether respondents believe that P216 requires further definition; and
- Whether there are any areas not identified within this consultation document that should be considered by the Modification Group during the Assessment Procedure.

You are invited to provide a response to the questions contained in the attached pro-forma.

Please send responses, entitled 'P216 Definition Procedure Consultation', by **5:00pm** on **Tuesday 18 September 2007** to the following e-mail address: modification.consultations@elexon.co.uk.

Any queries on the content of the consultation pro-forma should be addressed to David Jones (020 7380 4213), e-mail address david.jones@elexon.co.uk.

[1] The current version of the Code can be found at http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx.

CONTENTS TABLE

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess, the following parties/documents would be impacted by P216.

Please note that this table represents a summary of the results of BSCCo's initial assessment as contained in the P216 Initial Written Assessment (IWA).

Parties		Party Agents		BSC Agents		Other Agents	
Distribution System Operators	☒	Data Aggregators	☐	SAA	☐	Supplier Meter Registration Agent	☒
Generators	☒	Data Collectors	☐	FAA	☐	Unmetered Supplies Operator	☐
Interconnectors	☐	Meter Administrators	☐	BMRA	☐	Data Transfer Service Provider	☐
Licence Exemptable Generators	☒	Meter Operator Agents	☐	ECVAA	☐		
Non-Physical Traders	☐	ECVNA	☐	CDCA	☐		
Suppliers	☒	MVRNA	☐	TAA	☒		
Transmission Company	☐			CRA	☐		
				SVAA	☐		
				Teleswitch Agent	☐		
				BSC Auditor	☒		
				Profile Administrator	☐		
				Certification Agent	☐		

Sections of the BSC			
A	☐	H	☐
B	☒	I	☐
C	☐	J	☐
D	☐	K	☒
E	☒	L	☐
F	☐	M	☐
G	☐	N	☐
O	☐		
P	☐		
Q	☐		
R	☐		
S	☐		
T	☐		
U	☐		
V	☐		
W	☐		
X	☐		

Code Subsidiary Documents		Core Industry Documents		BSCCo		BSC Panel/Panel Committees		Other	
BSC Procedures	☒	Ancillary Services Agreement	☐	Internal Working Procedures	☒	Working Practices	☒	Market Index Data Provider	☐
Codes of Practice	☐	British Grid Systems Agreement	☐					Market Index Definition Statement	☐
BSC Service Descriptions	☐	Data Transfer Services Agreement	☐					System Operator-Transmission Owner Code	☐
Party Service Lines	☐	Distribution Code	☒					Transmission Licence	☐
Data Catalogues	☐	Distribution Connection and Use of System Agreement	☒						
Communication Requirements Documents	☐	Grid Code	☐						
Reporting Catalogue	☐	Master Registration Agreement	☐						
		Supplemental Agreements	☐						
		Use of Interconnector Agreement	☐						

1 EXECUTIVE SUMMARY

The key conclusions of the P216 Modification Group ('the Group') to date are outlined below.

The Group:

- **CONFIRMED** that rules for LLF methodologies should sit under the BSC, as the main purpose of LLFs is for use under the BSC in Settlement;
- **CONSIDERED** that detailed processes would be needed for each of the audits proposed by P216, as well as for assigning LLFs for new connections during the year and for when an audit is failed;
- **AGREED** that analysis should be conducted as part of the Assessment of P216 regarding the impact of inaccurate LLFs on Settlement and Parties; and
- **AGREED** that the remaining areas of the Terms of Reference should receive consideration as part of an Assessment Procedure.

A description of the Modification Proposal as developed by the Group is provided in Section 2. Further information regarding the Group's discussions of the areas set out in the P216 Terms of Reference relating to the Definition Procedure can be found in Section 3, along with the remaining areas for the Assessment Procedure. A copy of the Group's full Terms of Reference is contained in Appendix 1.

2 DESCRIPTION OF MODIFICATION

2.1 Context

2.1.1 Line Loss Factors

Line Loss Factors (LLFs) represent an estimate of the losses on the distribution network for a particular MSID (Metering System Identifier) between the metering point and the connection to the boundary of the Transmission System for the following year. LLFs are required, by Distribution Licences, to represent an accurate reflection of the actual losses on the line. The methodologies used in calculating Line Losses used are published by LDSOs in their Use of System Charging Statements (sometimes referred to as "Condition 4A Statements"[2].

2.1.2 Line Loss Factors in the Balancing and Settlement Code (BSC)

Settlement is based on the use of electricity volumes at Transmission System Boundary Points and Grid Supply Points (GSPs); LLFs are used within Settlement to scale a metered volume (measured within a Distribution Network) to provide an equivalent volume at the relevant GSP or Transmission System Boundary Point, the scaled volume is then used in Settlement.

Currently the Imbalance Settlement Group (ISG) and Supplier Volume Allocation Group (SVG) approve LLFs (having delegated authority from the Panel) for use in Settlement for CVA and SVA respectively. Prior to the approval of LLFs, some basic checks are undertaken to ensure completeness and for comparison with previously submitted LLFs. These checks are described in more detail in the Initial Written Assessment (IWA).

2.1.3 Previous Consideration of LLF Approval

Concerns have previously been raised at the SVG and ISG on the approval of LLFs for use in Settlement. In particular concerns were expressed regarding the perceived 'rubber stamping' of submitted LLFC values (and

[2] Links to the UoS Charging Statements for the seven existing DNOs (Distribution Network Operators) are available in the references section of this document. Please note that IDNOs (Independent DNOs) are also required to publish their LLF methodologies.

their associated LLFs) and whether the ISG/SVG had the relevant expertise/experience to approve the exact figures for LLFs.

A meeting was held in May 2004 with an ISG member, Licensed Distribution System Operators (LDSOs) and ELEXON to discuss the authorisation processes for CVA LLFs. This resulted in a review of the LLF approval process in 2004.

A paper was presented to the April 2005 Panel (91/012) which explained the current BSC obligations for submitting LLFs for approval. The Panel noted that an Ofgem review of the existing processes would be taking place, and that the Panel paper would be submitted to Ofgem for consideration as part of the review.

One outcome of this review was the agreement that LDSOs would publish their current LLF methodologies as part of their Use of System Charging Statements from April 2006, with a note that their LLF calculation methodology is not subject to Authority approval.

2.2 Modification Proposal

P216 was raised on 30 July 2007 by Smartest Energy ('the Proposer'). P216 seeks to provide additional assurance and controls over the calculation and application of LLFs in both the SVA and CVA market.

P216 suggests that additional assurance should be provided regarding the accuracy and correct application of LLFs by:

(a) removing the option to change existing LLFs mid year;

(b) determining rules, which LLF methodologies must follow;

(c) requiring the submission of the methodology used to calculate an LLF when a new/revised LLF is submitted;

(d) auditing the LLFs submitted for approval to confirm that they have methodologies consistent with these rules (determined as per (b));

(e) auditing the calculation of the LLFs submitted to confirm that it is consistent with the methodology submitted; and

(f) following the approval of LLFs by ISG/SVG, conducting spot checks to ensure that the correct LLFC is being assigned at Metering System level.

The modification indicates that, where an LLF fails to comply with one of the above audits, the LLF should not be approved and that only approved LLFCs (and their associated LLFs) should be used within Settlement.

P216 suggests that a Modification Group should further consider:

- who should conduct the audits described above, with either ELEXON, the Technical Assurance Agent (TAA) or a new BSC Agent suggested;
- the process for rejecting LLFs and any associated default rules;
- the rules which LLF calculation methodologies must follow; and
- to what extent inaccurate LLFs might impact GSP Group Correction Factor.

ELEXON noted that the scope and aim of the audits described above will also require further definition to clarify the approach that will be undertaken and to aid the assessment of P216.

3 AREAS RAISED BY THE TERMS OF REFERENCE

This section outlines the conclusions of the Modification Group regarding those areas set out in the P216 Terms of Reference in respect of the Definition Procedure.

3.1 Rules for LLF Methodologies

3.1.1 BSC Scope

The Group considered that as the primary use of LLF values sits within the BSC, it is relevant for rules for LLF methodologies to also be included under the BSC.

The Group noted that:

- LDSOs bill Suppliers for Distribution Use of System (DUoS) charges on unadjusted metered volumes from Settlement (or EACs/AAs). These volumes do not take account of LLFs; and
- Ofgem do not approve the current LLF methodologies, although they are published by LDSOs as part of their Use of System Charging Statements.

3.1.2 Placement

The Group confirmed that the placement of rules for LLF methodologies within the BSC would need to be further considered in the Assessment Procedure. The level of detail that was required within the BSC and Code Subsidiary Documents should be established by the Modification Group as part of the Assessment Procedure.

3.1.3 Single Methodology

The Group agreed that moving towards a single methodology for calculating LLFs would constitute a significant volume of work in the short term. However, several group members felt that this approach would be justified, due to the long term benefits for the transparency of LLF calculation, and potentially due to the reduced time and cost of auditing one methodology compared to many. One LDSO Group member believed that many LDSOs have little vested interest in the calculation themselves, and that if there is to be a single methodology it may be more efficient solution to ask ELEXON to undertake the calculations opposed to LDSOs. Another LDSO Group member highlighted that accuracy of Settlement data is of high importance to LDSOs as it feeds into the reported losses calculation which has an impact on the incentive scheme relating to losses targets set by Ofgem. Therefore, they believed that LDSOs are incentivised in this way to produce accurate LLFS.

The Group noted that there were seven different LDSOs covering the fourteen GSP Groups. From the preliminary results of an Ofgem Review of LLF methodologies (see Appendix 2), the Group noted that there were three different methodologies used to calculate LLFs for generic LLFCs. One LDSO member of the Group believed that, even though there were a number of different methodologies, these methodologies used the same general principles but with different computing platforms.

The Group agreed that the concept of a single methodology should be discussed further in the P216 Assessment Procedure and that a decision on whether a single methodology should be constructed for the P216 solution itself would need to be made early on in the Assessment Procedure; otherwise the solution should seek to accommodate different methodologies. The Group noted that, in progressing P216, it may be possible to facilitate a move towards a single methodology without mandating it.

3.2 Grid Supply Point Group Correction Factor (GSPGCF)

3.2.1 Impact of Inaccurate LLFs on GSPGCF

The Group agreed that inaccurate LLFs would impact GSPGCFs, although it was felt that other factors (e.g. Profiling, and Large Erroneous EAC/AAs, vacant sites and problems with Energisation Status) could also be impacting GSPGCF to a greater extent. It was further observed that theft could also impact GSPGCF but the scale of any impact is not understood. The Group agreed that analysis of the impact of inaccurate LLFs should be considered under the Assessment Procedure of P216.

The Group also agreed that Distribution Losses represent around 7% of the total energy and noted that Ofgem has published the High Voltage (HV) and Low Voltage (LV) Distribution Losses (as a proportion of the units distributed)[3].

It was noted that from November 2007 SVA LLFs could be submitted with values less than 1 (with the implementation of CP1189 'Change to allow SVA Line Loss Factors less than one'; and that approximately 25% of the current CVA LLFs are less than 1 (as CVA LLFs less than 1 are already allowed).

The Group noted that there are different levels of analysis that could be undertaken as part of the Assessment Procedure. A relatively quick form of analysis might be a brief consideration of the changes to GSPGCF if LLFs are assumed to be accurate within a percentage (e.g. if LLFs were accurate to within 10% then how would GSPGCF differ if LLFs are assumed to be at the top or bottom of this range). In considering this option the Group noted that it would be possible to use the losses data published by Ofgem in deciding what percentages would be sensible to use. A more in depth (but more time consuming and expensive and would rely on the LDSO undertaking this calculation) form of analysis could be recalculating all non-site specific LLFs in a GSPG using an alternative methodology (probably one currently used in a different GSPG), the Group agreed that this option would be a significant undertaking.

One Group member noted that the 'right' value for an LLF is difficult to determine, and that analysing the differences between different methodologies may not help in understanding the true impact of inaccurate LLFs on GSPGCF.

One member suggested that a paper exercise, comparing the published LLF methodologies may be useful. Another member felt that looking at the Annual Demand Ratio (ADR) may also be helpful in considering the impact of inaccurate LLFs.

The Group noted that the intention of P216 is to increase the level of assurance around the production of LLFs and that this in itself is likely to increase accuracy over time.

3.2.2 Technical Versus Actual Losses

The Group's views were split as to whether LLFs are (and should be) a representation of the technical (physical) losses on a line or the actual losses on the line (the sum of the technical losses and other factors, e.g. theft, inaccurate EACs, Long Term Vacant Sites, etc). The Group felt that this should be considered by P216 during the Assessment Procedure.

3.2.3 Definition Procedure Analysis

At the request of the Group, ELEXON provided feedback at the second meeting, on the analysis carried out by ELEXON regarding GSPGCF inaccuracies. ELEXON confirmed that the values of GSPGCF by GSP Group are monitored and that graphs with commentary on these values are provided to the Panel (as well as ISG and SVG) via the Trading Operations report[4]. Any significant changes in GSPGPCF are investigated and rationale

[3] This data is provided in Attachment 1. These figures are calculated by the LDSOs using final reconciliation run data from Settlement.
[4] A link to the August 2007 Trading Operations Report is provided in the references section of this document.

provided (where relevant). This report also contains a graph of Annual Demand Ratios (ADRs) over the previous 12 months.

ELEXON confirmed that a detailed investigation into ADRs was undertaken in 2004. This work analysed the trends in ADRs and their causes[5]. Regarding Line Loss Factors it was recommended that the governance and controls should be investigated and SVG agreed that ELEXON should discuss the calculation of LLFs with Ofgem. This was done and ELEXON informed the SVG that Ofgem's review would start in 2005. One outcome of this review is that LDSOs agreed to publish their LLF calculation methodology.

3.2.4 Assessment Procedure Analysis

The Group agreed that it would be useful to consider the groupings within LLFCs, to consider how well defined the LLFCs are as part of the Assessment Procedure; and in addition, some analysis should be conducted to analyse how GSPGCF is impacted by changing the LLF values by various percentages. The Group stated a preference that for measuring the Settlement impact it should be reported in MWhs. The Group considered that although this information would not provide details of the materiality of existing inaccurate LLFs, it would provide an indication of the potential impact of inaccurate LLFs on Settlement.

The Group confirmed that it would be useful to ask participants, as part of the Definition Procedure Consultation, whether there are other ways to analyse the impact of inaccurate LLFs on GSPGCF during the Assessment Procedure.

3.3 Scope and Aims of the audits suggested

The Group discussed the Modification Proposal and noted that it intends to provide additional assurance to participants and seeks to do this using the six processes described in section 2.2 a) – d). The Group discussed the following areas, all of which will require detailed consideration under the Assessment Procedure.

3.3.1 Audit Depth / Approach

The Group noted that a different audit approach might be taken for different types of LLF, and that in general more assurance is likely to be needed for larger volume sites. For example all CVA LLFs might be checked; where as only a sample of SVA LLFs would be checked. Furthermore the Group agreed that similar divisions might be relevant for HH compared to NHH LLFs or site specific LLFs versus general LLFs.

3.3.2 Timing

The Group agreed that the most suitable timing for processes (c), (d) and (e) (as described in section 2.2) is likely to be prior to the annual submissions, this would mean that checks are undertaken in the late Autumn/Winter, so that the annual submissions can be approved prior to the current LLF revision date of 1 April. The Group noted that this is likely to mean that submissions need to be made earlier than currently.

Some members of the Group felt that ELEXON is likely to be best placed to undertake audit (e).

The Group thought that audit (f) was more likely to take place during the course of the year.

3.3.3 Reporting

The Group noted that all reports resulting from the audits should be directed to the Panel; however, it was likely that the confirmation of a passed audit would be directed to the ISG/SVG who have the delegated Authority for approval of the LLFs and that a failed audit might be directed to the PAB.

[5] Links to SVG papers which describe this analysis in more detail are available in the references section of this document.

3.3.4 Default Rules

The Group agreed that a process for applying agreed default LLFs for values associated with a failed audit would need to be developed during the Assessment Procedure. The Group noted that this process may include the use of default values until the new LLF has been approved. As a result of the Assessment the Group will determine whether or not default LLFs would improve or worsen the accuracy and transparency of LLF values.

3.3.5 New Connections/Metering System Identifiers (MSIDs)

The Group noted that the introduction of new LLFCs may be needed during the course of the year. Taking into account that the Modification Proposal suggests that existing LLFs should not change mid-year, the Group noted that a process would be needed for introducing new LLFCs (and associated LLFs) for new connections between annual submissions. One Group member considered that this might include the use of default or temporary LLFs until the next annual submission.

3.3.6 Retrospectively Applied LLFs

The Group noted that currently some LLFs are approved retrospectively, and agreed that whether or not this should continue under P216, it would need to be considered as part of the Assessment Procedure. One member felt strongly that this should not be allowed under P216.

3.4 Terms of Reference for Assessment Procedure

The following areas of the Modification Group's Terms of Reference remain to be considered during the Assessment Procedure:

- who (e.g. an existing or new BSC Agent/service provider or ELEXON) should conduct each of the audits and checks described in P216 and to whom reports should be provided to;
- the detailed scope, approach and timing for each of the checks described in P216 and how these could be changed in the future;
- the procedure to be followed if an LLF fails one or more of these audits, including any default rules;
- (depending on how the rules for methodologies are defined), either the rules on methodologies to be included in the BSC, or consider the process and responsibilities for constructing and updating the rules;
- any changes needed to the process for new LLFs being approved during the course of the year;
- the differences between SVA and CVA LLFs and whether this leads to any differences in audit approach;
- any interaction with approved Modifcations, such as P197 ('SVA Qualification Processes Review') and P207 ('Introduction of a new governance regime to allow a risk based Performance Assurance Framework (PAF) to be utilised and reinforce the effectiveness of the current PAF'); and
- whether the risk to Settlement justifies the impact/cost of providing each of the suggested audits.

The Modification Group is proposing the following additions to the P216 Assessment Procedure Terms of Reference:

- conclude whether a single LLF methodology should be determined;
- define what LLFs represent (i.e. the actual or technical losses on a line);
- analyse how changes in the LLF values impact Settlement (volumes and GSPGSCF) and Parties; and
- analyse the number and types of MSIDs in the existing LLFC groupings.

4 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym / Term	Definition
ADR	Annual Demand Ratio: ADR is a measure of the variation between the total annual profiled Non Half Hourly (NHH) consumption and the total annual metered NHH consumption (as deduced from GSP Group Takes and HH consumption).
CVA	Central Volume Allocation
GSP	Grid Supply Point
GSPGCF	Grid Supply Point Group Correction Factor
ISG	Imbalance Settlement Group
LDSO	Licensed Distribution System Operator
LLF	Line Loss Factor
LLFC	Line Loss Factor Class
PAB	Performance Assurance Board
SVA	Supplier Volume Allocation
SVG	Supplier Volume Allocation Group
TAA	Technical Assurance Agent

5 DOCUMENT CONTROL

5.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	04/09/07	Ysanne Hills	David Jones	Initial Draft
0.2	05/09/07	Ysanne Hills	P216 Modification Group	Draft for discussion at 2nd Modification Group meeting
0.3	06/09/07	Ysanne Hills	Justin Andrews	For technical review
0.4	07/09/07	Justin Andrews	P216 Modification Group	For Modification Group review
1.0	12/09/07	P216 Modification Group	N/A	For industry consultation

5.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	Trading Operations Report (presented to the August 2007 Panel)	ELEXON	August 2007	1.0
2	SVG Paper SVG/38/480	ELEXON	22/03/04	1.0
3	SVG Paper SVG/40/011	ELEXON	21/05/04	1.0
4	**NEDL Use of System Charges Statements** http://www.ceelectricuk.com/lib/liDownload/550/NEDL%20-%20July%202007%20-%20Condition%204%20Statement%20-%20Final.pdf?CFID=235229&CFTOKEN=62005211	CE Electric	July 2007	

5	**YEDL Use of System Charges Statements** http://www.ceelectricuk.com/lib/liDownload/552/YEDL%20-%20July%202007%20-%20Condition%204%20Statement%20-%20Final.pdf?CFID=235229&CFTOKEN=62005211	CE Electric	July 2007	
6	**Central Networks East Charging Statement** http://www.eon-uk.com/downloads/CNEastUoScharging_statement_April_2007final.pdf	Central networks	April 2007	
7	**Central Networks West Charging Statement** http://www.eon-uk.com/downloads/CNWestUoScharging_statement_April_2007.pdf	Central Networks	April 2007	
8	**London Network Charging Statement** http://www.edfenergy.com/hold/regulatory/downloads/edfenergynetworks-lpn-chargesforuse-elecdistsyst-011007.pdf	EDF Energy	October 2007	
9	**East of England Network Charging Statement** http://www.edfenergy.com/hold/regulatory/downloads/edfenergynetworks-epn-chargesforuse-elecdistsyst-011007.pdf	EDF Energy	October 2007	
10	**South East England Network Charging Statement** http://www.edfenergy.com/hold/regulatory/downloads/edfenergynetworks-spn-chargesforuse-elecdistsyst-011007.pdf	EDF Energy	October 2007	
11	**Scottish Hydro Electric Power Distribution Charging Statement** http://www.scottish-southern.co.uk/SSEInternet/index.aspx?id=654	Scottish & Southern Energy	July 2007	
12	**Southern Electric Power Distribution Charging Statement** http://www.scottish-southern.co.uk/SSEInternet/uploadedFiles/About_Us/Our_Businesses/Energy_Systems/SEPD/Contract_Management/Charging_Statements_and_Look_Up_Tables/SEPDDUoSCharges0708v15310707pdf.pdf	Scottish & Southern Energy	October 2007	
13	**SP Distribution Charging Statement** http://www.scottishpower.com/uploads/C4AStatementSPDistributionAugust07.pdf	Scottish Power	August 2007	
14	**SP Manweb Charging Statement** http://www.scottishpower.com/uploads/C4AStatementSPManwebApril2007final.pdf	Scottish Power	April 2007	
15	**United Utilities's Use of System Charges Statements** http://www.unitedutilities.com/resources/files/1421_United%20Utilities%20Licence%20Condition%204A%20Statement%20(Use%20of%20System%20Charges)%202006-07.pdf	United Utilities	April 2006	

16	**WPD South West Charging Statement** http://www.westernpower.co.uk/servercode/showdocument.asp?ID=272	Western Power Distribution	April 2007	
17	**WPD South Wales Charging Statement** http://www.westernpower.co.uk/servercode/showdocument.asp?ID=271	Western Power Distribution	April 2007	

APPENDIX 1: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the P216 page of the BSC Website.

Date	Event
30/07/07	Modification Proposal raised by Smartest Energy
09/08/07	IWA presented to the Panel
03/09/07	First Definition Procedure Modification Group meeting held
06/09/07	Second Definition Procedure Modification Group meeting held
12/09/07	Definition Procedure Consultation issued

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL[6]

Meeting Cost	£ 1,500
Legal/Expert Cost	£ N/A
Impact Assessment Cost	£ N/A
ELEXON Resource	38 man days £ 15,000

MODIFICATION GROUP MEMBERSHIP

Member	Organisation	03/09/07	06/09/07
David Jones	ELEXON (Chairman)	✓	✓
Ysanne Hills	ELEXON (Lead Analyst)	✓	✓
Colin Prestwich	SmartestEnergy (Proposer)	✓	✓
Glenn Sheern	E.ON UK	✓	×
Maurice Smith	Campbell Carr	✓	✓
María Isabel Liendo	Scottish Power Energy Networks	×	✓
James Evans	British Energy	✓	✓
Rosie McGlynn	EDF	✓	×
Andrew Manning	npower	×	✓☎
Andrew Neves	Central Networks	✓☎	×

[6] Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

Member	Organisation	03/09/07	06/09/07
Eric Graham	Independent	×	×
Nigel Lloyd	Western Power Distribution	✓	✓☎

Attendee	Organisation	03/09/07	06/09/07
Shantok Karavadra	ELEXON (Lawyer)	✓	×
Justin Andrews	ELEXON (DA)	✓	✓
Keith Banwaitt	ELEXON (Operational SVA)	✓	×
Roger Harris	ELEXON (Operational CVA)	✓	×
Simon Polley	Ofgem	✓	×
Jill Ashby	Gemserv	×	×
Edward Coleman	E.ON	×	×
David Lewis	EDF	×	✓
Robert Arden	Campbell Carr	×	✓

MODIFICATION GROUP TERMS OF REFERENCE

Modification Proposal P216 will be considered by a new Modification Group, the P216 Modification Group, comprised of members of the Volume Allocation Modification Standing Group (VASMG), Governance Standing Modification Group (GSMG), Settlement Standing Modification Group (SSMG) and at least 1 Distribution Company Representative in accordance with the following Terms of Reference.

P216 – Audit of LLF Production Definition Procedure Terms of Reference

The Modification Group will carry out a Definition Procedure in respect of Modification Proposal P216 pursuant to section F2.5 of the Balancing and Settlement Code.

The Modification Group will produce a Definition Report for consideration at the BSC Panel Meeting on 11 October 2007.

The Modification Group shall consider and/or include in the Definition Report as appropriate:

- the scope and aims of each of the audits suggested;
- how inaccurate LLFs might impact on GSP Group Correction Factor, how significant any impact is for Settlement and the appropriateness of assessing this issue under P216;
- whether the rules for LLF methodologies should be Code defined (and constructed by the Modification Group as part of the Modification) or approved and amended from time to time by, for example, a Panel Committee; and
- confirm that the audits proposed are within the scope of the BSC, as opposed to any other governance arrangements.

APPENDIX 2: OFGEM REVIEW OF LLF METHODOLOGIES

	Loss Adjustment Factor Methods	
DNO	**Generic**	**Site Specific (EHV Customers)**
CE	EA Technology	Electricity industry methodology using specific load flow models
CN	Classed upon exit points	Special assessment
EDFE	EA Technology	Substitution method
SP	Detailed network studies by external consultants	Electricity industry method, using recognised planning tools
SSE	EA Technology	Network modelling and power flow analysis
UU	EA Technology	Electricity industry method, using recognised planning tools - IPSA (Interactive Power System Analysis)
WPD	EA Technology	Individual LAFs are calculated for each half hour using individual customer's half hourly load profiles at the appropriate voltage level. Mean LAFs are then allocated to different tariff periods

APPENDIX 3: OFGEM COMPLIED LOSSES PROPORTIONS FOR 1998/9 TO 2003/4

This data is attached in a separate document, Attachment 1.