Issue Form - BSCP40/04	Issue Number 55 *(mandatory by BSCCo)*

Issue Title

Review of the approach to the calculation and application of GSP Group Correction Scaling Weights

Issue Description *(Mandatory by originator)*

Background:

Grid Supply Point (GSP) Group Correction is the mechanism that adjusts Suppliers' Metered Volumes in each GSP Group in order to address the under or over accounting of energy. This is done by applying a correction factor[1] to Suppliers' Supplier Volume Allocation (SVA) energy so that the aggregate energy allocated to Suppliers is equal to the GSP Group Take[2] in each Settlement Period.

The GSP Group Correction Factor calculation refers to a Scaling Weight for each Consumption Component Class (CCC)[3], which defines how much GSP Group Correction should be applied to that CCC.

Originally, GSP Group Correction was applied only to Non Half Hourly (NHH) consumption. However, following industry consultation, the Supplier Volume Allocation Group (SVG) recommended, and the BSC Panel agreed, that it should also be applied to Half Hourly (HH) losses from 1 April 2013. The SVG and the Panel also agreed that correction should be applied to HH Metered Volumes from 2014, subject to a review of the GSP Group Correction Scaling Weights in 2013.

The GSP Group Correction Factor for each Settlement Period and each GSP Group is calculated in accordance with Section S Annex S-2 of the BSC.

Description of Issue:

The GSP Group Correction Factor calculation takes account of whether a CCC to be corrected is Import or Export. The effect of this correction mechanism is correcting Import and Export CCCs in opposing directions, resulting in 'competing corrections' of Import and Export.

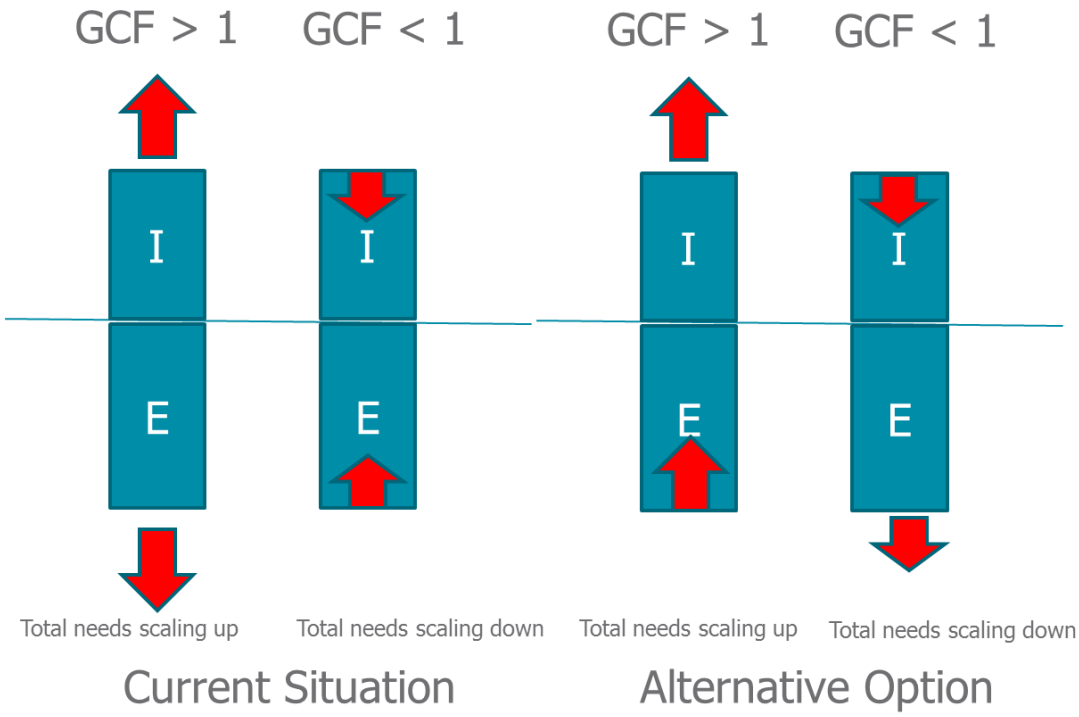
The issue of 'competing corrections' has already occurred in the NHH Market, although the NHH Export volumes are small compared to the NHH Import volumes (meaning the impact is minimal). Furthermore, 'competing corrections' have also already occurred in the HH market for HH losses. Due to the higher volume of HH Export, applying a revised Scaling Weight of 0.10 to HH Metered Volumes would increase this 'competing correction' effect such that

[1] GSP Group Correction Factors are used to ensure that the total energy allocated to Suppliers in each Settlement Period in each GSP Group matches the energy entering the GSP Groups from the transmission system, adjoining GSP Groups and through embedded generation.

[2] GSP Group Take is the net energy measured going from/to a particular Local Distribution System (i.e. a GSP Group) in a Settlement Period.

[3] Consumption Component Class is a classification of Half Hourly Consumption which comprises of one element from each of the categories listed in BSC Section X Annex X-2, Table X-8 (example: metered or unmetered; with or without line losses).

there is the potential for perverse outcomes.



The above diagram shows the current situation whereby corrections to Import and Export volumes are affected in opposite directions. This has the effect of cross cancelling the volume corrections. For example, an increase of 1MWh of Import may be cancelled out by an increase of 1 MWh of Export. This means that neither correction addresses the volume of energy to be corrected by the process.

An alternative option is presented above that would move both volumes in the same direction. In this scenario the Import and Export volumes are both corrected in a way that directly addresses the volume of error that is being corrected.

Justification for Examining Issue *(Mandatory by originator)*

ELEXON presented a paper to the SVG at its December 2013 meeting (SVG154/05). The SVG recommended to the Panel that ELEXON raise a Standing Issue to consider changing the BSC's correction of Export error, and that in the interim, GSP Group Correction should not be applied to any Export Metered Volumes or losses (whether NHH or HH). The SVG also recommended that the Panel still approve the revised Scaling Weights, but that each of these Scaling Weights should be applied only to Import and not to Export.

ELEXON presented a paper to the Panel, which included the above recommendation made by the SVG, at its December 2013 meeting (Panel 219/10). The Panel agreed with the SVG's recommendation that the revised Scaling Weights still be approved but only applied to Import not Export. Below are the revised Scaling Weights approved by the SVG and the Panel:

- 1.0 for Non Half Hourly Metered Volumes
- 2.25 for Non Half hourly line losses
- 0.94 for Half hourly line losses
- 0.10 for Half Hourly Metered Volumes

The Panel also agreed with the SVG's recommendation that ELEXON raise a Standing Issue to consider the current approach to the calculation and application of GSP Group Correction Scaling Weights and in particular the approach to the correction of Export CCCs.

Proposer's Details

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