CP Consultation Responses

CP1420 'Allowance of mid-year LLF resubmissions due to material consumption or generation changes'

This CP Consultation was issued on 6 October 2014 as part of CPC00747, with responses invited by 31 October 2014.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
TMA Data Management Ltd	0/1	Supplier Agent
Western Power Distribution	4/0	Distributor
RWE Npower	1/0	Supplier
EDF Energy	10/0	Generator; Supplier; Non Physical Trader; ECVNA; MVRNA; Supplier Agent; Other
ScottishPower	1/0	Generator; Supplier; Distributor; Supplier Agent
Electricity North West Limited	1/0	Distributor
UK Power Networks	3/0	Distributor
SSE	1/0	Supplier
Northern Powergrid	1/0	Distributor

Summary of Consultation Responses

Respondent	Agree?	Impacted?	Costs?	Implementation Approach?
TMA Data Management Ltd	✓	✗	✗	✓
Western Power Distribution	✓	✓	✗	✓
RWE Npower	✓	✗	✗	✓
EDF Energy	✓	✗	✗	✗
ScottishPower	✗	✓	✗	✓
Electricity North West Limited	✗	✓	✓	✗
UK Power Networks	✗	✓	✓	✗
SSE	✓	✓	✗	✓
Northern Powergrid	✗	✓	✓	✗

Question 1: Do you agree with the CP1420 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
5	4	0	0

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	N.A
Western Power Distribution	Yes	This proposal would make the LLF more reflective of the sites actual losses and so improve the accuracy of settlement.
RWE Npower	Yes	N.A
EDF Energy	Yes	N.A
ScottishPower	No	While we welcome Elexon's attempt to rectify this situation, we feel that by allowing an LLF with 80% losses to be approved would suggest that the methodology used has an inherent flaw within it, in that it does not recognise differing consumption levels at a site which may be as a result of fluctuating economic conditions. We welcome the introduction of tolerance levels within the process, however we believe they should only be used in exceptional circumstances to allow a mid-year resubmission of an LLF. We would suggest that the tolerance levels should be applied when the LLF for a future year are calculated and if there is an issue with a particular LLF then one of two choices can be made by the market participant, they can either use the previous year LLF or they can apply a generic LLF within that class until such time as the customer consumption returns to a stable level, which will allow the methodology to calculate the LLF within the agreed tolerance levels.

Respondent	Response	Rationale
Electricity North West Limited	No	The industry has worked very hard to put in place a robust process for the calculation of LLFs on an annual basis. Indeed, mid-year calculations are only allowed in very limited circumstances. We are concerned that this proposal could lead to further proposals detailing other circumstances where mid-year calculations should be made, in essence opening the flood-gates. There is the potential here to have to repeat the whole LLF calculation exercise (including a further Elexon audit) at the mid-year point.
UK Power Networks	No	We are in agreement with the principle that customers/suppliers may request a mid-year LLF submission where LLF values for a particular site exceed tolerance limits; and where historic consumption patterns can be proven to be not representative of that site's projected profile. However, our 'no' response is being submitted because of the absence of both the process and timelines to be applied for any such mid-year LLF changes. In terms of the submission format, it is our view that a proposed solution providing a facility for mid-year LLF submissions where only the sites in question are presented; i.e., not a full CSAD and D0265, should also be considered.
SSE	Yes	N.A
Northern Powergrid	No	We note that this CP proposes to change the wording in BSCP128 around material change to allow material generation or consumption changes where the LLF is outside the tolerance level of between 0.750 and 1.250 and has moved by +/- 20% from the previously approved losses. We also note that the final decision for any such change would be made by the BSC Panel. We have no objection to the change in principle, but we do have concerns about the implementation detail and we think there is a much better solution i.e. the application of an approved EHV generic LLF rather than a calculated one. We also note in the justification for this change is that it would allow a more reflective LLF applied to a particular site going forward through a mid-year LLF submission; and would allow more accurate loss estimates to be entered into Settlement. Again, we have no objection to a mid-year review in principle for customers who are affected in a particularly adverse

Respondent	Response	Rationale
		way, it may also assist customers of other LDSOs who apply the 2 and 5 year refresh intervals however, as Northern Powergrid calculates the losses on an annual basis then this may have a lesser impact on us. In addition, there may be a better solution than a mid-year recalculation which we would like to be considered as part of the change evaluation process i.e. the application of the Generic EHV LLFs. We note that the proposed rule should allow the LLF to be reviewed mid-year and based upon more accurate data being available. This relies on the assumption that the part year's data is a representative sample of the customer enduring profile. Whereas we have no objection to this change we are unclear how a material change for a particular site would be identified in order to become part of a mid-year review. If a site is identified as having unreliable data during the annual review then, presumably, there is the option of either applying the generic LLF or using the calculated figures based on the unreliable data and flagging the site for review mid-year. Alternatively if an LDSO is unaware during the annual review that a site's data is unreliable, and the calculated figures are applied in good faith, then how does the site get identified as requiring a mid-year review since the LDSO is unlikely to be monitoring demand on a monthly basis for the purposes of a rolling losses calculation process? Applying the generic value would quicker, more efficient and more economical than recalculating the LLF and as the generic for any given year is already approved the administration of such a mid-year change would be simpler than submitting newly calculated values. We would highlight that the generic value is already applied to customers with similarly unstable data e.g. sites recently energised with incomplete/inconsistent data or sites that are shutting down with rapidly changing data. It should also be noted that the consideration of a mid-year recalculation for customer 'A' may require consideration of how to treat other EHV customers e.g. customers 'B' and 'C' where they are connected on the same circuit. It would be more efficient to apply the generic value to customer 'A' and not

Respondent	Response	Rationale
		change anything for customers 'B' &'C'. If the intent is actually to permit a resubmission and that the resubmission could use the generic value (rather than obligate a mid-year recalculation) we think it would be helpful if this was made clear in the change.

Question 2: Do you agree that the draft redlining delivers the CP1420 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
6	3	0	0

Responses

A summary of the specific responses on the draft redlining can be found at the end of this document.

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	N.A
Western Power Distribution	Yes	N.A
RWE Npower	Yes	N.A
EDF Energy	Yes	N.A
ScottishPower	Yes	N.A
Electricity North West Limited	No	The redlining is ambiguous as to how a mid year material change is identified when it relates to customer operational behaviour. Although we do not agree with this proposal we believe the intent would be better satisfied by the following wording: A Material Change (that occurs mid-year) to: • the physical plant, apparatus, or distribution network that causes a significant change to the Technical Losses specific to the Metered Volumes measured by the Metering System; or • In the case of site(s) with an approved LLF of less than 0.750 or greater than 1.250, and deviating by at least 20% from the previously approved losses (as described in 3.5.7), the consumption or generation data was, at the time the LLF was calculated, unreflective of the site's true consumption or generation pattern in the applicable BSC Year; as determined by the Panel.

Respondent	Response	Rationale
UK Power Networks	Yes	We agree with the terms of setting out the conditions by which a customer/supplier may request a mid-year submission as worded in the redline document.
SSE	No	We understand and support the intention of this BSCP but suggest the definition of Site Specific: Material Change is ambiguous. Our interpretation of the revised definition is that the defined range (+/- 20%) is based upon the values calculated in the annual audit, rather than using the existing values. This could cause an issue whereby the existing site specific LLF is currently outside the defined range and then the value approved for the LLF in the annual audit was calculated to be within the defined range and the deviation was more than + or - 20%. The current definition doesn't appear to allow for a mid-year resubmission of this LLF because it is now within the defined range.
Northern Powergrid	No	We have three concerns: • We believe the drafting could be clearer if the proposed solution permits the use of the already approved generic value within a mid-year submission. • We are unsure of the uses of the word 'true' in the redline text. i.e. '…that is unreflective of the site's true consumption…'. It may be better to use the word 'consistent' or 'normal' consumption e.g. if the calculation has actually been done based on true/real metered data (even though the true metered data may not be reflective of normal consumption patterns). • A mid-year review will comprise of data from only part of a year and this is unlikely to be representative of the site ongoing consumption profile.

Question 3: Will CP1420 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
6	3	0	0

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	N.A
Western Power Distribution	Yes	This change may result in WPD preparing additional mid-year LLF submissions.
RWE Npower	No	N.A
EDF Energy	No	N.A
ScottishPower	Yes	Only to the extent that we will have to apply the proposed tolerance levels to our LLF calculation.
Electricity North West Limited	Yes	We are concerned that the wording could be interpreted in such a way that we would have to review all LLFs at mid-year. This would be a significant piece of work. We would in effect be repeating the work involved in the current production and submission of the LLFs, which can be a lengthy process. We can foresee that it is highly likely that the extra time-consuming effort would produce no changes to the original submission.
UK Power Networks	Yes	Supporting the facility for mid-year LLF submission would increase the amount of administrative resourcing that will be required. Our current resourcing allows for one full submission per year whereas under CP1420 a mid-year change might occur one or more times at any point during the year. Additionally the absence of any timelines makes it difficult to assess whether mid-year LLF change requests would require dedicated resources to be available as against fitting around existing workloads. In addition to the calculation process the CSAD and D0265 creation process would need to be replicated together with the checking and sign off procedures.

Respondent	Response	Rationale
SSE	Yes	It will positively impact us insomuch that we will benefit from improved accuracy where LLFs falling outside of the proposed tolerances exist. There will not be any system changes required.
Northern Powergrid	Yes	We accept the logic of mid-year changes in the limited circumstances i.e. where a customer highlights a clear and justified concern, in order to provide the customer with a more appropriate/reflective LLF and to preserve the accuracy of settlements. However, we would however like to avoid mid-year recalculations and the associated costs and we believe the application of the EHV generic LLF would provide a quicker and more cost effective solution. The costs of any recalculation are those associated with the costs of technical, administrative and managerial staff for the data collection, recalculation, peer review and resubmission.

Question 4: Will your organisation incur any costs in implementing CP1420?

Summary

Yes	No	Neutral/No Comment	Other
3	6	0	0

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	N.A
Western Power Distribution	No	N.A
RWE Npower	No	N.A
EDF Energy	No	N.A
ScottishPower	No	N.A
Electricity North West Limited	Yes	If all site specific customer units are reviewed and mid year loss calculations undertaken in order to check for deviation, then this would be a new ongoing element of business practice which would introduce additional costs in terms of time and resource. Estimate three to four man weeks additional per year.
UK Power Networks	Yes	Additional costs would be incurred as a consequence of the additional work required. In our estimation, we would allow for 3 person/days to recalculate the site, 4 person/days to conduct the BSCP production and submission checking process; and we would also factor in 3 person/days to conduct our internal approval process and interaction with Elexon. This number of person/days could be reduced if a single site CSAD and D0265 process is facilitated. As an estimate, the total time taken could be reduced to around 6 person/days.
SSE	No	The only cost will be in processing extra sets of line loss factors where these extenuating circumstances apply.

Respondent	Response	Rationale
Northern Powergrid	Yes	Yes, the costs of allocating technical, administrative and managerial staff for the recalculation. These costs would be largely avoided if the LDSO could apply the already approved generic value to the mid-year submission.

Question 5: Do you agree with the proposed implementation approach for CP1420?

Summary

Yes	No	Neutral/No Comment	Other
5	4	0	0

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	N.A
Western Power Distribution	Yes	WPD agree that it should be implemented as early as is practical.
RWE Npower	Yes	N.A
EDF Energy	No	We consider that this change should be implemented sooner than February 2015 to allow for changes highlighted in problem specification to be made. If this is not seen as practical we would hope that SVG/ISG allows such changes to be made to improve settlement accuracy even though such changes would be outside current BSCP allowed actions.
ScottishPower	Yes	N.A
Electricity North West Limited	No	No. We do not agree with the proposal.
UK Power Networks	No	Our 'no' response is being submitted because of the uncertainty of how the mid-year submission will be implemented in terms of process and timelines.
SSE	Yes	N.A
Northern Powergrid	No	No, not entirely as we believe it would be helpful if it was clearer that LDSO's could use the EHV generic value to facilitate mid-year changes.

Question 6: Do you have any further comments on CP1420?

Summary

Yes	No	Neutral/No Comment	Other
2	7	0	0

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	N.A
Western Power Distribution	No	N.A
RWE Npower	No	N.A
EDF Energy	No	N.A
ScottishPower	No	N.A
Electricity North West Limited	Yes	We believe that the issue would have been better addressed by having more flexibility in the calculation rules when setting the LLF. We consider that in the circumstances where actual volumes have been massively reduced on a temporary basis then it would be reasonable to use a forecast volume in the calculation of the LLF, similar to how a new site would be treated. Forecasts could be based on calculations on customer load factors and known import/export capacities as opposed to units, taken in conjunction with advice from the customer.
UK Power Networks	Yes	We are supportive in principle of creating an option to facilitate mid-year LLF changes as detailed above. However the CP consultation does not provide sufficient information around process and timelines to give confidence that the proposal will work efficiently if implemented. An alternative proposal whereby LLFs can be updated with a single site submission, rather than sending a full CSAD and D0265 containing all of our sites is in our opinion worthy of further consideration.
SSE	No	N.A

Respondent	Response	Rationale
Northern Powergrid	No	N.A