

CP1442 'Clarifying the application process for Metering Dispensations'



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About This Document

The purpose of this CP1442 CP Consultation is to invite BSC Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1442. The Imbalance Settlement Group (ISG) and Supplier Volume Allocation Group (SVG) will then consider the consultation responses before making a decision on whether or not to approve CP1442.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the ISG and the SVG's initial views on the proposed changes.
- Attachment A contains the CP1442 Proposal Form.
- Attachment B contains the proposed redlined changes to deliver the CP1442 solution.
- Attachment C contains the specific questions on which we seek your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish to be considered.

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1 Why Change?

Background

Balancing and Settlement Code (BSC) [Section L 'Metering'](#) requires Metering Equipment to comply with the requirements set out in the relevant metering Code of Practice (CoP) at the time the Metering Equipment is first registered for Settlement. For financial or practical reasons, Metering Equipment does not always comply with all of the relevant CoP requirements. Where this occurs, the Registrant can apply for a Metering Dispensation from the CoP requirements, the process for which is set out in [BSC Procedure \(BSCP\) 32 'Metering Dispersations'](#). ELEXON presents applications for Metering Dispersations to the ISG and/or the SVG under delegated authority from the BSC Panel¹.

What is the issue?

Metering Dispensation applicants do not always provide essential information in the initial application form (BSCP32/4.1). This results in ELEXON not being able to progress the application without seeking further evidence. This leads to inefficiencies and delays in the end-to-end process.

We have identified the following issues in the current process:

- applicants do not always provide justification as to why the Metering Dispensation should be on a 'lifetime' (enduring) or on a temporary basis;
- applicants do not always provide justification for the materiality figures provided in the application form;
- the current process to establish whether some or all of an application is confidential is not efficient, as it does not require the applicant to provide justification for confidentiality upfront. This can lead to lengthy discussions between ELEXON and the applicant; and
- applicants do not always provide adequate technical and/or financial information for the Metering Dispensation Review Group (MDRG) to make a recommendation on whether the relevant Panel Committee(s) should approve an application.



What is the MDRG?

The MDRG is a review group formed of industry metering experts that supports the ISG and the SVG in the technical review of Metering Dispensation applications, providing independent advice and recommendations.

¹ The BSC Panel has delegated responsibility for the CoP documents to the ISG and the SVG. The ISG is responsible for CoPs 1, 2, 3 and 4 and the SVG is responsible for CoPs 3, 4, 5, 6, 7, 8, 9 and 10. Metering Dispensation applications against CoPs 3 and 4 therefore need to be approved by both Panel Committees.

Proposed solution

ELEXON raised [CP1442 'Clarifying the application process for Metering Dispensations'](#) to propose the following changes to the Metering Dispensation process, which will be reflected in BSCP32:

- The applicant will be required to provide its rationale for needing a Metering Dispensation and explain why CoP compliant Metering is not currently in place.
- The applicant will be required to provide justification for the term (period) of the Metering Dispensation (i.e. whether it is lifetime or temporary). The MDRG and the relevant Panel Committee(s) shall look into the length of the Metering Dispensation in conjunction with the estimated materiality to Settlement and any potential business revenue loss for the applicant had a CoP compliant Metering System been installed.
- The applicant will be required to state its views on any risks to Settlement and other BSC Parties that may arise from the Metering Dispensation and the likelihood of such risks to occur. This will encourage the applicants to carefully consider their Metering Dispensation and its associated impacts.
- If the applicant requires an application to be either partly or wholly confidential, it will be required to state in its application whether any part of it is confidential, and if so which parts are confidential and why. As currently, ELEXON can query an applicant's request but would not be able to overrule them. Unless agreed otherwise, ELEXON will deem the following information as public information:
 - the site name;
 - the Metering Dispensation number;
 - the expiry date for the dispensation; and
 - the MDRG's recommendation and comments on approval or rejection.
- Changes will also be made to the layout of the BSCP32/4.1 form to improve clarity following these changes.

In addition to this, we will also provide additional guidance in a separate guidance note on how to populate the Metering Dispensation application form for submission. This guidance will help to inform the applicant of the level of detail we require to progress the application and for the relevant Panel Committee(s) to make an informed decision.

CP Consultation Question

Do you agree with the CP1442 proposed solution?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

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Proposed redlining

The proposed redlining to BSCP32 can be found in Attachment B.

CP Consultation Question

Do you agree that the draft redlining delivers the CP1442 proposed solution?

If 'No', please provide your rationale.

We invite you to give your views using the response form in Attachment C

Rationale for change

We believe CP1442 will ensure that Metering Dispensation applicants provide information, with improved levels of justification, to allow the relevant Panel Committees and the MDRG to better understand the situation and make informed decisions on Metering Dispensation applications. This will reduce the time required for ELEXON to process the applications and improve efficiency of the end-to-end process.

The CP will also promote transparency in the Metering Dispensation process, as it requires applicants to provide improved levels of justification, including for anything that they request to be confidential. By strengthening the requirements for justifying an application and releasing more information regarding each Metering Dispensation into the public domain, applicants may be more incentivised to avoid applying for a dispensation, and therefore to install CoP compliant Metering Equipment. Also, potential applicants will have more information available to them about past applications and the level of detail required to support an application, which should help them when deciding whether to apply for a Metering Dispensation.

3 Impacts and Costs

Central impacts and costs

CP1442 will cost ELEXON £240 (equating to one man day of effort) to implement the document changes. There will be no system changes required to implement this CP.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">BSCP32	<i>None</i>

BSC Party & Party Agent impacts and costs

There are no impacts anticipated on BSC Parties and Party Agents in implementing this CP. However, future Metering Dispensation applicants will be required to provide more information when submitting a new application.

CP Consultation Questions

Will CP1442 impact your organisation?

If 'Yes', please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of CP1442 and the CP1442 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.

Will your organisation incur any costs in implementing CP1442?

If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.

We invite you to give your views using the response form in Attachment C

4 Implementation Approach

Recommended Implementation Date

We propose that CP1442 should be implemented on **5 November 2015** as part of the November 2015 BSC Systems Release. This is the earliest possible Release that this CP can be included in.

CP Consultation Question

Do you agree with the proposed implementation approach for CP1442?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

ISG's initial views

We presented CP1442 to the ISG for initial comment at its meeting on 26 May 2015 ([ISG169/02](#)).

The ISG believed that the applicant should be required to explain the rationale for its Metering Dispensation application and why the current Metering Equipment is not CoP compliant. One Member proposed that the 'Reason for Application' section of the application form should be amended to ask why the dispensation is needed in the first place. We agree that this change would be appropriate and have included it in the solution that is being consulted upon.

ISG Members were also concerned that the proposed changes to how an applicant would request confidentiality was allowing ELEXON the power to overturn an applicant's request, and considered whether an appeals process was needed. We can confirm that it is not the intention of CP1442 to allow ELEXON to be able to overturn a request for confidentiality. CP1442 is proposing that the applicant be formally required to provide its rationale for requesting confidentiality, rather than simply being able to 'tick a box'. As is currently the case, ELEXON would be able to query the applicant's request, but would not be able to overturn it. This will be more clearly reflected in the changes to BSCP32.

The original CP solution required the applicant to provide a risk rating based on its own judgement of any impacts on Settlement that may arise from the Metering Dispensation and the probability of such impacts to occur. This was intended to stimulate thoughts from the applicant on the risks of its Metering Dispensation. However, the ISG was concerned that this may become a driver for a Panel Committee's determination in granting a Metering Dispensation in the future. The ISG also felt that without clear guidance the risk rating would be very subjective and inconsistent, with a risk that applicants would likely rate their application as low risk in order to have it approved.

SVG's initial views

We presented CP1442 to the SVG for initial comment at its meeting on 2 June 2015 ([SVG172/05](#)). The SVG was also informed of the ISG's comments on the CP.

SVG Members noted and agreed with the ISG's comments that the risk rating could potentially be used to support a Committee's determination on a Metering Dispensation. One Member questioned whether there would be any merits in introducing a risk rating, querying what it was trying to achieve, and considered whether a question should be asked in the CP Consultation on this. Another Member questioned whether it was for applicants to rate the risk, feeling that this was the Committees' responsibility. It was felt that a clear framework was needed for any risk rating to ensure consistency between applications.

Members also noted that the intent of the changes to how confidentiality was requested would be beneficial in order to obtain the applicant's rationale behind this. It was confirmed that this process was intended to formalise what ELEXON already does in contacting applicants to confirm what information is confidential and why.

Changes made following the Committees' comments

Following the discussions with the ISG and the SVG, we have made some amendments to the proposed solution to better deliver the intent of CP1442.

We agree with the ISG to include a requirement in the Metering Dispensation application form for the applicant to explain its rationale for needing a Metering Dispensation, and have amended the proposed redlining accordingly.

In response to the concerns around potential disagreement between the applicant and ELEXON on confidentiality request, we can confirm that it is our current practice to seek justifications for any confidentiality request and CP1442 is seeking to formalise this process. ELEXON would not override the applicant's decision on confidentiality request. We have amended the section on confidentiality to include in the application form a question asking the applicant whether their request contains any confidential information. If the answer is 'yes', the applicant will need to explain which parts are confidential and the rationale for this. This would replace the original proposal for the applicant to send a separate request for confidentiality. We believe this will more clearly deliver the intent of the CP.

We have taken on board the ISG and the SVG's concerns around the risk rating, and have reconsidered this part of the proposal in response to these comments. Since Metering Dispensation applications are considered on a case-by-case basis and that each application is different, we believe that it would be extremely difficult to produce general guidance in sufficient clarity to cover how the rating would apply to all possible scenarios. We also note that the intention of the risk rating was to get applicants to more carefully consider the wider impact of their proposal. Taking these considerations into account, we have removed the requirement to calculate a specific risk rating, and instead will ask applicants to provide their views on the risk to Settlement and the risk to other BSC Parties as a result of their application. We consider this will better enable the information sought from applicants to be provided in a more consistent manner.

We have updated the proposed redlining in response to these solution amendments, and this updated version can be found in Attachment B.

CP Consultation Question

Do you agree that the amendments made to the proposed solution in response to the Committees' comments better deliver the intent of CP1442?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code (<i>industry Code</i>)
BSCP	Balancing and Settlement Code Procedure (<i>Code Subsidiary Document</i>)
CoP	Code of Practice (<i>Code Subsidiary Document</i>)
CP	Change Proposal
CPC	Change Proposal Circular
ISG	Imbalance Settlement Group (<i>Panel Committee</i>)
MDRG	Metering Dispensation Review Group (<i>advisory group</i>)
SVG	Supplier Volume Allocation Group (<i>Panel Committee</i>)

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	BSC Sections page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/
2	BSCPs page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
3	CP1442 page on the ELEXON website	https://www.elexon.co.uk/change-proposal/cp1442/
7	ISG 169 meeting page on the ELEXON website	https://www.elexon.co.uk/meeting/isg-169/
7	SVG 172 meeting page on the ELEXON website	https://www.elexon.co.uk/meeting/svg-172/