

Report Phase Consultation Responses

P348 'Provision of gross BM Unit data for TNUoS charging'

This Report Phase Consultation was issued on 19 April 2017, with responses invited by 8 May 2017.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
TMA Data Management Ltd	0/1	Supplier Agent: HHDC, HHDA, NHHDC, NHHDA
Siemens Managed Services	0/1	Supplier Agent: HHDC, HHDA
EDF Energy	6/0	Generator and Supplier
National Grid Electricity Transmission	0/1	Transmission Co.
Npower Group PLC	6/0	Generator, Supplier and Non Physical Trader
ScottishPower	2/2	Generator, Supplier, ECVNA and Supplier Agent: HHDA

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Question 1: Do you agree with the Panel's initial majority recommendation that P348 Alternative Modification should be approved and P348 Proposed Modification should be rejected?

Summary

Yes	No	Neutral/No Comment	Other
1	5		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	We support P348 proposed modification (option 2), it is a common solution for P348 and P349, has the lowest costs and lowest impact on the Industry.
Siemens Managed Services	No	<p>We believe P348 Proposed Modification (Option 2) should be approved.</p> <p>The Final Report notes that Option 2 does support BSC Objective (a) as it will help the Transmission Company to discharge its obligations efficiently.</p>
EDF Energy	No	<p>The Workgroup noted that Option 2 (Simple SVAA) is the preferred option as it is simpler, cheaper and with a shorter implementation timeline, and we agree. This Option does not cover all the CUSC WACMs – it doesn't cover those numbered above CMP265 WACM11, which have grandfathering (which seem very unlikely to prevail).</p> <p>The P348 Alternative Modification (Option 1; new data aggregator), which Panel favoured in its initial recommendatory vote, covers all CUSC modification proposal WACMs associated with CUSC Modification CMP265, including those with grandfathering; however, it is only something that makes good sense in the very unlikely event of one of those CUSC WACMs being passed. Otherwise, it is not as good as option 2.</p>
National Grid Electricity Transmission	No	We understand why the alternative has been recommended however we strongly support Option 2 (proposed option) and think this should be the approved modification as Ofgem have highlighted in their minded to position, their preferred option of WACM4 and we do not anticipate them to review their position on grandfathering. Without the additional historic data provided under Option 2, we will be significantly constrained in our ability to accurately forecast the volume of embedded generation for the first year of implementation for

Respondent	Response	Rationale
		CMP264/265 which will result in an increased risk of a mid-year tariff change to industry, and/or significant over or under-recovery of revenues through TNUoS resulting in volatility and instability in TNUoS tariffs for consumers.
Npower Group PLC	No	<p>Npower does not agree with Panel's decision that Option 1 (P348 Alternative Modification) should be approved as a solution. Option 1 proposes to introduce grandfathering which is not part of WACM 4, and which was rejected by Ofgem in their Minded To decision on CMP 264/5.</p> <p>It appears that ELEXON and the BSC Panel are not aligned with Ofgem's views on this as Ofgem have clearly stated that grandfathering, as set out in the WACMs would be unlikely to best facilitate the CUSC objectives. In their Minded To decision, Ofgem say:</p> <p>We have considered the case for grandfathering of these arrangements for a specific sub-set of smaller EG plant and consider that the arguments against this are stronger than the case for. In particular, there are potential negative impacts of grandfathering on competition, when compared to similar options without grandfathering.</p> <p>Grandfathering would also prevent further changes to the charging arrangements for those network users for 15 years, reducing the ability to make future changes to these arrangements for this subset of users, and would require additional administrative efforts. We do not consider that a lack of grandfathering would result in unfairness to smaller EG since prudent investors know that charging arrangements are subject to change through the code governance process.</p> <p>In our response to Ofgem's Minded To decision, we agreed that grandfathering is inappropriate as a solution, as all network users should ultimately be exposed to cost reflective network charges that are transparent and predictable. Grandfathering network charges would create significant IT and administrative burden for suppliers, which is another reason we do not support grandfathering.</p> <p>Option 1, which supports grandfathering, is therefore, in our view not the preferred solution to P348.</p>
ScottishPower	Yes	As the proposed mod does not cover all proposals raised in accordance with CUSC Modifications, the P348 Alternative Modification (Option 1) is better

Respondent	Response	Rationale
		than the Proposed Modification and therefore should be approved. However, depending on which CUSC option is approved by the Authority, the Proposed Modification may provide the most effective solution.

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P348 Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
Siemens Managed Services	Yes	
EDF Energy	Yes	The redlined changes to the BSC legal text would deliver the intention of P348 Proposed Modification.
National Grid Electricity Transmission	Yes	The changes appear to deliver the intention of P348 Proposed Modification.
Npower Group PLC	Yes	The redlined text appears to deliver the intention of the Proposed solution (option 2).
ScottishPower	Yes	

Question 3: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P348 Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
5			1

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
Siemens Managed Services	Other	
EDF Energy	Yes	The redlined changes to the BSC legal text would deliver the intention of P348 Alternative Modification.
National Grid Electricity Transmission	Yes	The changes appear to deliver the intention of P348 Alternative Modification.
Npower Group PLC	Yes	The redlined text for the Alternative Solution appears to deliver the intent of Option 1.
ScottishPower	Yes	

Question 4: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
3	2		1

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
Siemens Managed Services	Yes	Resourcing for other Industry Changes will restrict our ability to be in a position to implement before February 2018.
EDF Energy	Yes	The workgroup originally hoped to use the November 2017 batched BSC system changes release, but then were told this is no longer an option due to the amount of changes which are already targeted in this Release. Therefore, it proposes an Implementation Date of 22 February 2018 as part of the February 2018 BSC System Release for both Option 1 and Option 2; we agree.
National Grid Electricity Transmission	Other	A November 2017 date would be preferable, however as part of Option 2 (proposed option), we understand that we will be provided with historic metering data for embedded generation, which will allow us to carry out our forecasting more effectively. Not being able to forecast effectively will lead to the risk of a mid-year tariff change. Also, not receiving historic data will present risks within tariff setting and could lead to over/under recovery, leading to volatility and instability in TNUoS tariffs. Therefore, we strongly support Option 2 (proposed option) being approved.
Npower Group PLC	No	As per our previous response to the AP consultation, we would prefer three years from the date of Ofgem's decision to the implementation of the modification. Any modification that makes significant changes to the demand charging principles as P348 proposes to do, should give the industry sufficient time to prepare for the implementation. This delay is necessary for suppliers and consumers because it enables systems and processes to be updated to accommodate the changes required. In addition it will enable current

Respondent	Response	Rationale
		<p>contractual agreements to unwind which will allow the required changes to be factored into future contracts.</p> <p>The Panel have recommended that implementation is on 22nd February 2018. We feel that this timescale will be too tight to implement this change, given the complexities involved. Our business has said they will require an absolute minimum of 12 months from the date of Ofgem's decision on this modification.</p> <p>We would also like to reiterate that ELEXON is consulting on the options for implementing this modification, before Ofgem have published their decision on how they feel CMP 264/265 should be implemented. Npower's view is that it would be better to wait until we know Ofgem's view of how they wish to proceed, and whether their decision lends itself to these solutions.</p>
ScottishPower	No	<p>With CMP264 & CMP265 currently within the Consultation phase with Ofgem and that we would also require at least 6 months' notice to deliver the change, we therefore believe that the intended recommended implementation date of 22 February 2018 is possibly not achievable at this stage.</p>

Question 5: Do you agree with the Panel's initial view that P348 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
Siemens Managed Services	Yes	
EDF Energy	Yes	BSC P348 does not appear to meet the criteria for a Self-Governance Modification.
National Grid Electricity Transmission	Yes	
Npower Group PLC	Yes	We agree that P348 should not be a self-governance modification.
ScottishPower	Yes	

Question 6: Will your organisation be impacted by the implementation of the P348 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
4	2		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
Siemens Managed Services	No	Under this solution there is no impact on HHHDA or HHDC.
EDF Energy	Yes	As a Supplier, we will be impacted, both through reduced demand side TNUoS charges as a result of the implementation of CUSC CMP265/BSC P348, and through our potential involvement, via offtake contracts, with SVA-metered embedded generation in the capacity market, from April 2018 when CMP265 comes into force.
National Grid Electricity Transmission	Yes	As the recipient of the P02010 file we would be required to review and update a number of systems to allow this data to be received and processed into our core TNUoS billing system. The proposed solution is our preferred option as it will be the most economic option to implement. This option also provides historic data which will allow us to effectively forecast tariffs for the first year of implementation and so lead to a smoother impact on TNUoS tariffs through decreasing instability in our forecasts.
Npower Group PLC	Yes	<p>Yes, Npower will be impacted by the implementation of Option 2 as the solution to P348. Whilst we do not support any of the proposed solutions to facilitate the implementation of P348, we prefer Option 2 as the preferred solution, as it is likely to have a smaller impact than Option 1.</p> <p>Implementing this option would mean that the impacts to suppliers would be limited to having two sets of Demand TNUoS tariffs (Import and Embedded Generation). This option is also in line with the Ofgem Minded To position on CMP265. However, since no final decision has been made we feel it would be prudent to wait until Ofgem make their final ruling in May rather than start developing</p>

Respondent	Response	Rationale
		<p>either of the other options.</p> <p>However, whichever option is chosen to implement this modification, the complexities involved would mean that the process would have lengthy timescales and will incur significant costs.</p>
ScottishPower	Yes	<p>There will be an impact on our current system involving a change to validation and we would also require a further 2 new data flows to be created.</p>

Question 7: Will your organisation be impacted by the implementation of the P348 alternative solution?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	Our HHDA system and procedures would be affected by the implementation of P348 Alternative solution.
Siemens Managed Services	Yes	We would be impacted by changes required for the HHDA role.
EDF Energy	Yes	As a Supplier, we will be impacted, both through reduced demand side TNUoS charges as a result of the implementation of CUSC CMP265/BSC P348, and through our potential involvement, via offtake contracts, with SVA-metered embedded generation in the capacity market, from April 2018 when CMP264 comes into force.
National Grid Electricity Transmission	Yes	This will change will impact how we bill customers based on their usage tariff and impact our ability to forecast and calculate tariffs accurately for 2018/19 as no historic data will be provided with this option it will make forecasting tariffs much harder and less effective.
Npower Group PLC	Yes	<p>Npower will be impacted by implementing Option 1 as the solution for P348. We feel that as this solution is about implementing grandfathering, it is contradictory to Ofgem's position on CMP 265. Implementing this solution is also likely to be unnecessary and expensive.</p> <p>As stated previously, implementing Option 1 as P348's solution, will necessitate complex system changes which will be costly. Further, existing contracts may need amending/renegotiating. Also as a low number of metering systems will be impacted by the implementation of P348, we think that the costs for implementation will outweigh the benefits.</p> <p>On a higher level, we do not support CMP 265 and feel it would be best addressed through a Significant Code Review or a Targeted Charging</p>

Respondent	Response	Rationale
		Review, rather than as a code modification.
ScottishPower	Yes	There will be an impact on our current system involving a change to validation and we would also require a further 2 new data flows to be created.

Question 8: Will your organisation incur any costs due to the implementation of the P348 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
4	2		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
Siemens Managed Services	No	
EDF Energy	Yes	Minor. As a Supplier, we have not yet identified any systems or agent costs that would result from the implementation of either of the P348 proposed solutions, nor do we anticipate having to recruit extra staff to deal with it.
National Grid Electricity Transmission	Yes	The costs we incur will have an impact on our TNUoS billing system and so we will need to ensure the information can feed into it. This will return the lowest cost of both options.
Npower Group PLC	Yes	Yes, we will incur significant costs on implementing Option 2. However, the costs for implementing this solution will be lower than implementing Option 1.
ScottishPower	Yes	

Question 9: Will your organisation incur any costs due to the implementation of the P348 alternative solution?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	Medium one off costs for development, testing and implementation, on-going running costs would be absorbed with other operational costs.
Siemens Managed Services	Yes	Development of HHDA systems and processes changes required to meet requirements of the Alternative solution, and additional ongoing processing.
EDF Energy	Yes	Minor. As a Supplier, we have not yet identified any systems or agent costs that would result from the implementation of either of the P349 proposed solutions, nor do we anticipate having to recruit extra staff to deal with it.
National Grid Electricity Transmission	Yes	The costs we incur will have an impact on our TNUoS billing system and so we will need to ensure the information can feed into it. These will be significantly larger compared to the proposed modification.
Npower Group PLC	Yes	We can state that we will incur significant costs in order to make changes required to our IT systems in order to implement this solution within the proposed deadline. However, we are reluctant to comment any further on costs until we have a final decision from Ofgem on how they wish to proceed. Without further granularity of the implementation requirement, we are not in a position to comment on costs at this time.
ScottishPower	Yes	

Question 10: If your business is impacted by the implementation of any of these BSC options, can you please provide best estimate of the costs and details of how you will be affected?

Summary

Yes	No	Neutral/No Comment	Other
3	1		2

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	Medium one off costs for development, testing and implementation, on-going running costs would be absorbed with other operational costs.
Siemens Managed Services	Other	At this time the cost of the Alternative solution has not been estimated, this will be part of the detailed Impact Assessment that would be undertaken if this solution is approved.
EDF Energy	Other	See replies to questions 8 and 9.
National Grid Electricity Transmission	Yes	We have an initial cost of £1.5million for the proposed option and for the alternative option due to their complexities, however this is a best estimate at this time and the actual impacts on our systems are being discussed in the near future. These costs are inextricably linked to CMP264/265 as they cover the complete implementation of these mods within our internal systems.
Npower Group PLC	No	As per our response to the previous question, at this time we are unable to provide further estimates of costs or details of how we will be affected.
ScottishPower	Yes	We anticipate that the cost of the changes would be in the region of between £7,500 - £17,500.

Question 11: The central implementation costs, included in the Assessment Report to the Panel, are £173K and £117K for options 1 (Alternative Modification – Initial Panel recommendation for approval) and 2 (Proposed Modification) respectively. Does this information change your answer to question one?

Summary

Yes	No	Neutral/No Comment	Other
	5		1

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
Siemens Managed Services	Other	
EDF Energy	No	No, the effect of the distortion in transmission charging that BSC P348/9 are needed to address as the CUSC mods can't work without a BSC solution, is vastly more material than this
National Grid Electricity Transmission	No	We still strongly support Option 2 (proposed option) and that this should be the approved modification as costs to National Grid will be lower and so impact on the end consumer will be lower. It provides historical data which will allow us to effectively forecast tariffs after implementation.
Npower Group PLC	No	No, the central implementation costs are not material to our response, as our costs as a business will be significantly higher.
ScottishPower	No	

Question 12: Do you have any further comments on P348?

Summary

Yes	No	Neutral/No Comment	Other
3	3		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	P348 and P349 have been raised to cope with potential CUSC changes, that have yet to be approved. We understand the timing issue as there would not be enough lead time between the CUSC changes approval and the necessary BSC approval; it is rather difficult to see P349/P348 has having any merit on their own, against the applicable objectives at this stage. We cannot support P349 alternative or P348 alternative based on the information provided so far.
Siemens Managed Services	Yes	The Proposed solution (Option 2) is our preferred solution as it meets the requirements of the Modification with minimum number of Industry Parties and Agents involved in the Change. It is also the lowest cost option.
EDF Energy	No	
National Grid Electricity Transmission	No	
Npower Group PLC	Yes	<p>Through the proposed solutions, ELEXON state they are implementing a flexible solution to allow for future changes to TNUoS charging. However, we do not believe that the parameters of such future required flexibility are known, and we should not try to pre-empt future Ofgem strategy by developing a solution based on grandfathering, an option with Ofgem are not in favour of. This would likely be a regret spend, and in order to deliver a solution as early as possible, it would therefore make sense to wait to see what the final decision is in order to develop an optimal solution.</p> <p>We would like to reiterate once again we are currently in the process of waiting for Ofgem's final decision, which is expected this month. We once again would like to say that in our view, it would have been better for the BSC Panel to wait until that decision had been published to consult on P348 and</p>

Respondent	Response	Rationale
		<p>P349, so that the industry would have the opportunity to reply holistically to the CUSC and BSC modifications.</p> <p>We also do not think that it is prudent for ELEXON or the BSC Panel to make a decision on these modifications, until we know how Ofgem would like to proceed, to ensure that the proposed solutions for P348 and CMP 265 are aligned.</p>
ScottishPower	No	