

## Issue 68 'Underestimation of Demand Capacity'



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### About This Document

This document is the Issue 68 Group's Report to the Balancing and Settlement Code (BSC) Panel to inform them of the outcomes of the two Issue Group meetings held to develop a solution to the underestimation of Demand Capacity (DC). ELEXON will table this report at the Panel's meeting on 10 August 2017.

There are two parts to this document:

- This is the main document. It provides details of the Issue Group's discussions and proposed solutions to the highlighted issue and contains details of the Workgroup's membership.
- Attachment A contains ELEXON's analysis on the impact of lowering the DC tolerance limit and mid-season DC declarations.

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## Background

DC is a parameter that is declared for each BSC Season in accordance with [BSC Section K 'Classification and Registration of Metering Systems and BM Units'](#). It is self-declared by a BSC Party in 'good faith and as accurately as it reasonably can' for each Balancing Mechanism Unit (BMU). It is declared as the expected negative (indicating Demand) Metered Volume with the maximum magnitude for a single Settlement Period falling within the BSC Season. The value is submitted along with a Generation Capacity (GC). These are used to calculate Production/Consumption Status, Credit Assessment Energy Indebtedness (CEI) and Credit Cover Percentage (CCP).

Inaccuracy in the DC parameter results in inaccuracy in the CCP. This can result in either an over-requirement or under-requirement in Credit Cover. The Issue raised in this case is the under-requirement of Credit Cover, which, if combined with a Supplier failure can delay an event of Default under the BSC. This extends the number of days for which all other BSC Parties are exposed to the failing Supplier's Energy Imbalance Cashflow.

Following declaration of the GC/DC parameters each BSC Season, monitoring is performed against Metered Volume. If the BMU exceeds the GC/DC by a specified tolerance limit, the BSC Party must re-declare the GC/DC. Current performance in DC submission is poor with only 34 out of 131 (26%) of Suppliers declaring GC/DC for the BSC Winter 2016/17 Season.

Further, the quality of DC estimations could be improved as under-statement of the parameter has resulted in £5.9million of CEI error at the start of the Winter 2016/17 BSC Season. Regulation of the process is challenging due to the current BSC rules which are ambiguous, such as the use of the term 'good faith'.

The Issue Group should note that although focused on DC, the overestimate of GC for BMUs with Supplier Export Credit Assessment Load Factor (SECALF) applied can also result in under-estimation in the CCP calculation.

## Conclusions

The Issue Group concluded that three Modifications and a Change Proposal (CP) should be raised to improve the GC/DC declarations process.

### What is Generation and Demand Capacity?

Each BM Unit has a Generation Capacity (GC) and a Demand Capacity (DC). This is the maximum expected net Generation and Demand for that BM Unit in the current BSC Season.

These values are declared seasonally. Parties can make resubmissions during the Season if they breach these declared values

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### What are the credit arrangements?

Under the BSC arrangements, payments to and from Trading Parties in respect of Trading Charges arising on any particular Settlement Day are typically made 29 calendar days later. Thus, at any given time, Parties may have debts (or be due payments) for Trading Charges incurred over the previous 29 days. Each Party is required to lodge Credit Cover to cover this period, to ensure that, should it default, we have sufficient collateral available to pay off its debts. Otherwise the debts are shared across all other BSC Parties.

The BSC does not stipulate the amount of Credit Cover that Parties must provide. Instead it is left to Parties to decide on the level of cover that they wish to provide.

We perform a credit check process every half hour to ensure that each Party's accumulated debt over the 29 day period does not exceed the amount of Credit Cover they have provided. If a Party has insufficient funds lodged to cover this debt, it will receive a Credit Default notice.

### What is Credit Default?

A Party will receive a default notice if its CCP (the ratio of its CEI compared to the level of Credit Cover lodged) exceeds specific thresholds. The Level 1 Credit Default process is triggered when the CCP exceeds 80% and the Level 2 Credit Default process is triggered when CCP exceeds 90%. If a Party breaches the Level 2 threshold then it will be given a period of time to investigate the default, in case there are any errors in the data. Normally the Party will lodge additional Credit Cover to bring its CCP below 80% and exit the process within the specified timescales. If it does not, it will enter authorised Credit Default, which can have severe consequences for the Party.

Upon entering Credit Default, the Party's situation is reported to all other participants via the Balancing Mechanism Reporting Service (BMRS). Furthermore, if its CCP goes over 90%, any Energy Contract Volume Notifications (ECVNs) or Meter Volume Reallocation Notifications (MVRNs) that would increase the Party's Energy Indebtedness will begin to be refused or rejected. This will impact both the Party in Credit Default and the relevant counterparties.

### What is the issue?

New Suppliers are able to bypass the Credit Cover requirements in the BSC by declaring zero DC when they are building a customer base. This can reach thousands of customers before the current lower DC limit of 2MW is triggered. Other Suppliers are able to maintain under-estimated DC values which also results in a lower Credit Cover requirement than should be required.

If one of the Suppliers fails, this can leave additional unpaid Trading Charges for all other BSC Parties to pay through Default Funding Shares.

Therefore, the purpose of examining this Issue is to understand how to enable and encourage better accuracy of DC declarations. Better accuracy can ensure Suppliers have at least the minimum Credit Cover required to cover 29 calendar days of Trading Charges.



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#### Credit Guidance notes

More detail on **Credit Cover** and **Credit Default** can be found in the respective Guidance Notes available on our [Credit webpage](#).

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Once a solution is identified and implemented, the benefit of this would be realised in the event of a Supplier failure, where the BSC Default rules can be applied earlier to reduce exposure to unpaid Trading Charges.

## Materiality of exposure

To illustrate the materiality of exposure the industry has to such Supplier failures, we can consider the hypothetical situation of a new Supplier that declares zero DC. The new Supplier can gain 40,000 customers in a year and have a daily exposure of £35,000 per day, whilst avoiding the need for any Credit Cover.

Moreover, an event could also apply to a Supplier with a larger portfolio. For example, in the recent event of Supplier of Last Resort, the failing Supplier had ~160,000 customers.

It is evident that reducing the exposure of one failure would likely outweigh the cost of a simple BSC Modification to address the Issue. The initial view in raising this issue is that a simple solution is possible with changes to the BSC legal text and internal ELEXON operational procedure only. However, care must be taken when assessing more complex solutions that require central system changes as these may not deliver a cost benefit.

## Potential Solutions

As part of the scope of the Issue Proposal Form, the Issue Group were asked to consider a raft of solutions that can be delivered without changes to the BSC Systems. These solutions formed the basis of the Issue Group discussions.

The nine solutions considered by the Issue Group are detailed below:

### Solutions for self-declaration and DC limits:

- a) If the DC values continue to be self-declared, the lowest tolerance limit of 2MW should be lowered to 0.2MW with the 2% and 10MW limit remaining the same. This removes ~80% of the current allowed under-estimation but still allows for challenges in the accuracy of estimation.

This requires a change to BSC Section K and a parameter edit for internal scripts. Additional resource is also required to process a higher volume of breach notices.

The [ELEXON Portal](#) has an online form that aims to remove the burden of paper/fax method that was in place when GC/DC was last reviewed. Lowering the limits would have less administrative burden now than it did before this change.

- b) Zero DC submissions should not be allowed where a Party has a non-zero Metered Volume. This should be specified in the BSC. This solution would be subject to other changes (e.g. the lower 0.2MW limit) and would need to have consideration of the SECALF.

This would require new Suppliers to recognise the requirements of BSC Section K on registering their first Metering System Identifier (MSID) rather than after months of operation.

- c) The tolerance limits should be specified as parameters in the BSC to allow for the Imbalance Settlement Group (ISG) to review these from time to time.

This avoids the need for a Modification to be raised to change the BSC each time the tolerances need to be updated which saves time and effort.

### Solution for system based declarations

- d) DC declarations could be mechanistic with changes applied by ELEXON when DC is breached by more than the allowed tolerance. The frequency of this check would need to be determined. On each check, any BMUs exceeding DC could be reset to the maximum consumption in the last check period.

This could be delivered through manual processing or with a data entry script to Central Registration Agent (CRA), subject to impact assessment. This solution carries a risk for some BMUs that it could change the Production/Consumption (P/C) Status of the BMU of a Trading Unit. If this occurs it can result in an MVRN being cancelled. Further the volumes could be allocated to 'P' rather than 'C' accounts, or vice versa. However this is mitigated by a single price calculation.

### Solutions for Seasonal Declarations and re-declarations

- e) The majority of BSC Parties do not make seasonal GC/DC submissions and if the current values are not exceeded, then there is little benefit from the administrative burden of this submission. Applying a continuous monitoring process and enforcing a re-declaration of the values once the DC limit is breached, could be more accurate when moving through Autumn and Winter BSC Seasons. However, DC values would normally be decreased into Spring and Summer BSC Seasons so the downwards declaration process would need to be considered.

This could be delivered through a change to BSC Section K and [BSCP15 'BM Unit Registration'](#) and would remove administrative burden for the seasonal declaration points. The Credit Assessment Load Factors (CALF) would continue to change for each BSC Season.

- f) If keeping the BSC Season declarations, the requirements of the BSC for mid-Season re-declaration could be amended. Currently the rules require the GC/DC to be set to zero by the CRA. This would result in less accuracy for DC values than rolling over the current declaration.

This could be delivered through a change to BSC Section K and BSCP15.

### Solutions for reducing the magnitude of DC

- g) Downwards re-declaration should be restricted with specific requirements. The BSC currently allows the magnitude of DC to be reduced up to two times per BSC Season. If a Party is struggling to provide Credit Cover it can currently declare zero DCs that will reduce the requirement.

Alternatively, if a Party has breached the tolerance limits in the last 30 calendar days, for a BM Unit it should not be allowed to declare a reduction. However, in some cases there can be a valid reason, such as erroneous Meter reads, so consideration will need to be given to whether a material doubt style process is allowed as available under the Credit Default procedures. The current material doubt process is a formal way for Trading Parties to challenge their CCP where substantial evidence shows it does not



#### What is Material Doubt?

Material doubt as defined in [Section M](#) of the BSC can be claimed where substantial evidence shows that the CCP for a Trading Party as calculated by the ECVA does not give a true reflection of that Party's Energy Indebtedness.

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give a true reflection of that Party's CEI as calculated by the Energy Contract Volume Aggregation Agent (ECVAA).

### **Solutions for the determination of an event of BSC Default**

- h) Failure to declare or re-declare is an event of BSC Default. However, the BSC uses ambiguous terms such as 'good faith'. ELEXON should be able to easily enforce the rules so any ambiguities need to be cleared up.

There needs to be a specific performance standard for timely resolution of a breach and for the determination of a persistent breach.

Once a breach is notified, the re-declaration should be made within two Working Days (WDs). If a BMU is in breach for 10 calendar days in a month this would be an event of Default.

### **Innovation to improve administrative procedures**

- i) The ELEXON Portal could be developed to enable simple monitoring of peak production/consumption, automate notifications and provide one step re-declaration. This would help Suppliers to further avoid the administrative burden of lower tolerance limits. This does not require a BSC Modification or CP and can be impact assessed by ELEXON once the Issue Group has considered the solutions that should be progressed. However, a very low volume of declarations are currently made using this method and BSC Parties need to provide feedback on this method before further investment is made.

#### Impact of lowering the tolerance limits

The first Issue Group considered whether the lowest tolerance limit of 2MW should be lowered to 0.2MW with the 2% and 10MW limit remaining the same, should the DC values continue to be self-declared.

The Group agreed that the lower tolerance limit could be reduced from 2MW to 0.2MW to improve accuracy of the DC parameter, however queried the impact the change in the DC parameters would have. As such, at the second Issue Group meeting, ELEXON presented the analysis paper in Attachment A, which outlines the impact of lowering the DC tolerance limit. ELEXON confirmed that the analysis was based on current data. Therefore, the numbers may change as the lowering of limits changes behaviour.

In addition to showing the impact of lowering the limit from 2MW to 0.2MW, ELEXON has included two lower tolerance limits, 0.4MW and 1MW, for comparison with the existing and proposed value. ELEXON confirmed that the DC levels that each of the lower tolerance limits would come into effect are 10MW, 20MW and 50MW, compared with the existing 100MW. This is the point at which the lower limit is equal to 2% limit.

ELEXON highlighted that should the limits be reduced from 2MW to 0.2MW, a significant amount of BMU may become in breach. However, this analysis does not take into account any behavioural change.

#### Case study

ELEXON's case studies showed examples of different BMUs with different growth levels. Case study 1 shows a BMU which had no metered volume until January 2016, and since then the Party has grown to a maximum demand of 4.6MWh during the Winter 2016/17 BSC Season. Over the year analysed this Party increased their DC declaration twice. Under the possible lower limit values using the adapting DC, the number of times this BMU would declare would be:

- 0.2MW lower limit – 30 declarations
- 0.4MW lower limit – 17 declarations
- 1MW lower limit – 8 declarations

The Workgroup discussed how reactive a BMU would need to be, should the tolerance limit be lowered. The Group agreed that although a Party would need to declare more, the frequency would generate greater accuracy in the declarations being submitted. This in turn would also generate greater accuracy in the Credit calculation.

The Group also considered the impact on the operation of SECALF that the lower tolerance limits may have. ELEXON noted that SECALF was introduced in [P310 'Revised Credit Cover for Exporting Supplier BM Units'](#). The SECALF is used to calculate a Credit Assessment Credited Energy Volume (CAQCE) for Supplier BMUs, where DC = 0 and GC > 0. In all other instances the CALF is used to calculate the CAQCE. Where a BMU breaches the DC tolerance limits, they are required to submit a new DC. Where the DC is non-zero the CAQCE is calculated from the DC and CALF. The Group suggested that currently there may be a number of sites using SECALF when they should not be. The Group agreed that lowering the limit would lessen the amount of BMUs using SECALF, and align the market with the original intention of P310.



Based on the analysis, the Workgroup agreed that the lower tolerance limit could be reduced from 2MW to 0.2MW to improve accuracy of the DC parameter.

In the first Issue Group meeting, the Workgroup members had also considered whether Zero DC submissions should not be allowed where a Party has a non-zero Metered Volume. The Group agreed to amend the wording in the BSC to say that zero DC submission should not be accepted where a Party has a non-zero/negative Metered Volume. This change will be included within the scope of the Modification to remove the DC tolerance limit parameters in the BSC.

## Governance of the tolerance limit parameters

ELEXON highlighted in the first Issue Group meeting that currently, the DC tolerance limits are fixed within BSC Section K. The Group agreed that greater flexibility on the governance of the tolerance limit parameters would be beneficial, to allow for the BSC or a delegated committee to review and update the tolerance limits without the need for a Modification to be raised each time.

At the second Issue Group meeting, ELEXON presented two possible options:

- The parameters could be taken out of the BSC and determined by the BSC Panel. The Panel could delegate this work to the ISG if appropriate. The parameters would be published on the ELEXON website. The Panel or, if delegated, the ISG would be able to review these parameters from time to time as they see fit, with a scheduled one year scheduled post-implementation review. This option would require a Modification to remove the parameters from BSC Section K.
- The parameters could be taken out of the BSC and included in BSCP15. This would still require a CP to change the parameters but would be a faster option than a Modification. This option would also require a Modification to remove the parameters from the BSC, and include the parameters within BSCP15. The Panel could request the ISG carry out a review from time to time.

## Modification

The Issue Group unanimously recommended that a Modification be raised to remove the GC and DC tolerance limit parameters from BSC Section K, and allow them to be considered on an annual basis by the ISG, as delegated by the BSC Panel. The parameters will then be published on the ELEXON website. This would avoid the need for a Modification to be raised each time the tolerances need to be updated.

## Mechanised DC declarations

In the first Issue Group meeting the Group assessed whether the DC declarations could be mechanistic with changes applied by ELEXON when the DC is breached by more than the allowed tolerance. ELEXON indicated that a mechanised process could be introduced through manual processing or with a data entry script to CRA, subject to impact assessment. However, this solution carries a risk for some BMUs that it could change the P/C Status of the BMU and/or Trading Unit.

The Group considered whether a hybrid mechanised approach could be used. ELEXON could provide a DC figure to a Party based on analysis similar to current operations. They would note that the figure will be submitted to Central Systems in five WDs unless the



Party challenges the figure. If the Party challenges the DC figure provided by ELEXON, the Party will need to provide evidence to demonstrate why this would not be an accurate DC.

In the second meeting, the Group discussed how DC declarations could be mechanistic with changes applied by ELEXON when DC is breached by more than the allowed tolerance. Given that a number of Parties are going through multiple breach notices before amending their DC, a mechanism for defaulting the DC to an appropriate amount would incentivise Parties to act more quickly in responding to breach notices.

### **Should DC be estimated by ELEXON?**

There are a number of ways that ELEXON could mechanise this process. One would be to automatically increase the DC to the maximum negative volume amount. Another could be for ELEXON to create an estimate based on historical information. Both of these methods aim to create a reasonable estimate based on historical data. This has the limitation of being able to predict what the Party is going to do in the future, for example a large customer loss/gain. This could potentially cause over-estimate issues.

Alternatively, using an estimate based on the top portion of Settlement Periods, may produce a more reflective value but would cause an administrative burden for ELEXON to analyse a series of Metered Volumes over the breach period. New scripts and macros could be developed to automate this process but it is unlikely to be worth the time and effort with a simpler alternative available that equally acts as a deterrent to breaching.

The Issue Group discussed whether the process and the value would create enough of an incentive for Parties to correctly submit their DC in the event of a breach.

The Group concluded that the DC should automatically increase to the maximum negative Metered Volume plus the DC limit, to act as a further disincentive to breach.

### **Definition of Default**

The Group confirmed that the mechanised breach process would also introduce a new definition of DC Breach into the BSC.

ELEXON suggested that a Party could be in breach if, for example, on any Settlement Day in which a BMU has a Metered Volume of greater magnitude than the GC or DC, from one or more Settlement Period. This would allow for performance measures to be calculated on a daily basis.

### **Challenges to the value**

ELEXON recommended that the mechanised process also allows Parties to challenge the default. ELEXON suggested that the process includes a two Business Day notice period before defaulting the DC value, where the Party should have the opportunity to challenge the value by providing evidence to ELEXON on why a lower value is appropriate.

ELEXON would consider this evidence and if it is found to indicate that the ELEXON estimate will not be accurate, a new value can be negotiated between ELEXON and the Party, with ELEXON having the final say. The Group discussed that the most likely reason for challenging would be an issue with the Meter data quality.

This provides a Party with time to challenge the value and take into account their future operations. This would hopefully be a rare situation. The Group agreed that a two

Business Day appeal window would be sufficient if this process was explained during the breach notification so that Parties are aware of their obligations.

### Contact for administrative purposes

ELEXON recommended that it should notify the Party of the breach through the standing list of contacts. The Group agreed and suggested that ELEXON use the signatory who is authorised to submit BSCP15 forms or a Category A signatory, should a contact not be available.

### Modification

The Group unanimously agreed that a Modification should be raised to introduce the new mechanised process for DC declarations.

### GC/DC Performance Reporting

ELEXON asked the Group whether changes to the BSC should be made to ambiguous use of terms such as 'good faith'. ELEXON queried whether such terms allow ELEXON to easily enforce the rules so any ambiguities need to be cleared up.

The Group indicated that the introduction of the mechanised solution will address the ambiguity; however the Group noted that increased performance reporting to the ISG may increase the visibility of DC non-compliance.

### Process Improvement

ELEXON suggested that a quarterly report on GC/DC performance be presented to the ISG to raise the profile of the issues.

### Seasonal GC/DC submissions

Declarations are required 10 WDs prior to the start of the next BSC Season. The declarations are made using a form in BSCP15 or via online forms. Both of these are received by the CRA for input to the registration system.

ELEXON noted that the majority of BSC Parties do not make seasonal GC/DC submissions. Therefore if the current values are not exceeded, then there is little benefit in the administrative burden of this submission. ELEXON highlighted that applying a continuous monitoring process and enforcing a re-declaration of the values once the DC limit is breached, could be more accurate when moving through Autumn and Winter BSC Seasons. However, DC values would normally be decreased into Spring and Summer BSC Seasons so the downwards declaration process would need to be considered.

ELEXON suggested two possible options to improve the accuracy of seasonal declarations and re-declarations, and to lessen the administrative burden:

- The first option was to remove the seasonal declaration points from BSC Section K and BSCP15, with the CALF continuing to change each BSC Season.

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- The second option was to keep the BSC Season declaration arrangements, and amend the requirements of the BSC for mid-Season re-declaration. Currently the rules require the GC/DC to be set to zero by the CRA. This would result in less accuracy for DC values than rolling over the current declaration.

The Group agreed to keep the current arrangements. However they noted the need to reduce the administrative burden associated with the GC/DC being automatically set to zero by the CRA. The Group queried whether it was possible for ELEXON to roll-over the GC/DC declaration to the next BSC Season, if no seasonal declarations are made. ELEXON confirmed that in order to remove the barrier for ELEXON to carry over BSC seasonal GC/DC, there could be an addition made to BSC Section K point 3.3b). ELEXON indicated that the text would predominantly remain the same, except that it would include an amendment to remove the requirement to default the value to zero if none is declared.

The Issue Group also suggested that Parties should not be allowed to declare downwards to zero if the Party has a negative Metered Volume. ELEXON agreed to conduct analysis on the number of times a party has declared to zero in a mid-season. ELEXON subsequently confirmed that the current DC declaration rules allow for up to two decreases in the absolute value of the DC per season; there is no limit on increases to the absolute value. ELEXON suggested that mid-Season DC declarations typically occurred to correct erroneous submissions rather than any unintended use.

## Modification

The Issue Group unanimously recommended that a Modification should be raised to remove the barrier for ELEXON to carry over BSC Seasonal GC/DC.

## Downwards re-declarations

The BSC currently allows the magnitude of DC to be reduced up to two times per BSC Season.

In the first Issue Group meeting, the Workgroup discussed circumstances in which a BSC Party would downwards re-declare, noting that it may be used by Parties wishing to reduce their Credit Cover for a period of time, which poses a risk to the market. The Group recognised that there can be cases where a reduction is necessary to reflect changes in portfolio. While there are genuine reasons for a downward re-declaration of DC, such as loss of customers, the Group highlighted that these instances need to be weighed against the risk of inaccurate re-declarations. As part of the discussion, a Workgroup member noted that it was ambiguous as to the number of times a Party can put down their DC in a BSC Season, and whether the re-declaration applied to the Party or the BMU.

ELEXON investigated how many times a Party can put down their DC in a BSC Season under the current arrangements. BSCP15 currently outlines that *'Parties have the right to downwardly revise the magnitude of DC twice during a BSC Season when the magnitude of the capacity of a Supplier BM Unit has decreased. Parties are not permitted to downwardly revise the magnitude of GC.'*

The Group also asked ELEXON to explore options for partial restriction on downwards re-declaration. In the second Issue Group meeting, ELEXON noted that the following two options that could be used to limit declarations including:

- Parties cannot revise the magnitude of the DC downwards by more than 40% unless they can provide evidence that their DC will reduce by this amount.
- Parties cannot revise the magnitude of the DC downwards if it is below the DC value in the highest 30% of Settlement Periods in the last 30 days, unless they can provide evidence that their DC will reduce by this amount.

However, ELEXON advised that the amount by reduction and evidence required to challenge becomes difficult to define and would require additional administration by ELEXON to manage exceptions etc. The Group also recognised that there can be cases where a reduction is necessary to reflect changes in portfolio.

The Group acknowledged that the ability of ELEXON to declare the GC/DC values following a breach would mitigate the risk of inaccurate DC reduction, however the reductions would be short lived. The Group concluded that no change should be raised.

## Innovation to improve administrative procedures

The Group also considered further process improvements that could be made to the ELEXON Portal to simplify GC/DC submissions. In the first Issue Group meeting, ELEXON suggested that to reduce the administration of lower tolerance limits, the ELEXON Portal could potentially be developed to enable simple monitoring of peak production/consumption, automate notifications and provide one step re-declaration.

ELEXON noted that currently, very low volumes of declarations are being made using this method and highlighted the need for BSC Parties to provide feedback on this method. A Workgroup member suggested that the current layout of the BSC Portal can be confusing, and could potentially be viewed as more burdensome than paper. A Workgroup member recommended that the BMUs in the drop down menu also be listed in alphabetical order to reduce the amount of time it takes to find specific BMUs.

ELEXON highlighted that the ELEXON Portal reflects the BSCP15 forms for GC/DC submission.

ELEXON confirmed that changes to the ELEXON Portal do not require a BSC Modification or CP and can be impact assessed by ELEXON once the Issue Group has considered the solutions that should be progressed.

## Change Proposal

The Issue Group recommended that ELEXON raise a CP to amend the BSCP15 forms. The CP should only seek to require MW values, and to align the format of both BSCP15 4.3 and BSCP15 4.4 forms to ensure that they are consistent. In correspondence with the CP, process improvements will also be made to the ELEXON Portal, to ensure the online forms are consistent with the BSCPs.

In addition, ELEXON agreed to engage with Parties to gain further feedback on the ELEXON Portal.

## 4 Conclusions

The Issue Group unanimously concluded that three Modifications and one CP could be raised to improve the accuracy of DC declarations:

- The first Modification proposes to remove the GC and DC tolerance limit parameters from BSC Section K, and allow them to be considered on an annual basis by the ISG, as delegated by the BSC Panel. The parameters will then be published on the ELEXON website. The change would avoid the need for a Modification to be raised each time the tolerances need to be updated.
- The second Modification seeks to introduce a new mechanised process for GC and DC declarations. Under the proposed process, once a Party breaches, ELEXON can default a Party's DC. The default value will be set to the maximum DC, based on the minimum metered value, with a fixed tolerance percentage.

In the event of a breach, ELEXON notifies the Party's relevant Authorised Signatory. Should the Party wish to challenge the default value, the Party has two WDs to notify ELEXON of the challenge and provide evidence of metered data. Should the Party not wish to challenge the default value, the value is submitted. This Modification will also introduce a definition for breaches.

- The third Modification will remove the barrier for ELEXON to carry over BSC Seasonal GC/DC, by removing the requirement to default the value to zero if no seasonal value is declared. The change would reduce the administrative burden to BSC Parties and ELEXON associated with BSC Seasonal declarations.
- Finally, the CP will seek to amend the BSCP15 forms to remove MWh, so that they only reference MW, and align the format between the two forms. This CP will be progressed by ELEXON.

## Appendix 1: Issue Group Membership

### Issue Group membership and attendance

#### Issue 68 Group Attendance

Name	Organisation	08 May 17	16 Jun 17
Elliott Harper	ELEXON ( <i>Chair</i> )	✓	✗
Claire Kerr	ELEXON ( <i>Chair</i> )	✗	✓
Jemma Williams	ELEXON ( <i>Lead Analyst</i> )	✓	✓
Roger Harris	ELEXON ( <i>Proposer</i> )	✓	✓
Sarah Eager	ELEXON ( <i>Solution Owner</i> )	✓	✓
Adam Jessop	ELEXON	✗	✓
Karl Maryon	Haven Power	✓	✓
Jonathan Priestly	EDF Energy	✓	✓
Andy Colley	SSE	✓	✓

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## Appendix 2: Glossary & References

### Acronyms

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

Acronyms	
Acronym	Definition
BMRS	Balancing Mechanism Reporting Service
BMU	Balancing Mechanism Unit
BSC	Balancing & Settlement Code
CALF	Credit Assessment Load Factors
CAQCE	Credit Assessment Credited Energy Volume
CEI	Credit Assessment Energy Indebtedness
CCP	Credit Cover Percentage
CP	Change Proposal
CRA	Central Registration Agent
DC	Demand Capacity
ECVAA	Energy Contract Volume Aggregation Agent
ECVN	Energy Contract Volume Notification
GC	Generation Capacity
ISG	Imbalance Settlement Group ( <i>Panel sub-Committee</i> )
MSID	Metering System Identifier
MVRN	Meter Volume Reallocation Notification
P/C	Production/Consumption
SECALF	Supplier Export Credit Assessment Load Factor
WD	Working Day

### 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	<a href="https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/">https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/</a>
4	ELEXON Portal	<a href="https://www.elexonportal.co.uk/news/latest">https://www.elexonportal.co.uk/news/latest</a>
5	BSCP page on the ELEXON website	<a href="https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/">https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/</a>

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7	P310 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p310/">https://www.elexon.co.uk/mod-proposal/p310/</a>

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