

# Report Phase Consultation Responses

## P388 'Aligning the P344 and P354 Solutions'

This Report Phase Consultation was issued on 17 July 2019, with responses invited by 30 July 2019.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Peak Gen Top Co Limited	1/0	Generator
Waters Wye	0/1	Energy Consultancy
National Grid Electricity System Operator (NGESO)	1/0	Transmission Company

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P388 should be approved?

### Summary

Yes	No	Neutral/No Comment	Other
1	0	2	0

### Responses

Respondent	Response	Rationale
Peak Gen Top Co Limited	No Comment	None given.
Waters Wye	No Comment	None given.
NGESO	Yes	We agree with the Panel's recommendation that P388 should be approved.

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P388?

### Summary

Yes	No	Neutral/No Comment	Other
1	0	2	0

### Responses

Respondent	Response	Rationale
Peak Gen Top Co Limited	No Comment	None given.
Waters Wye	No Comment	None given.
NGESO	Yes	Yes, we believe the redlined changes are sufficient to deliver the intent of P388.

### Question 3: Do you agree with the Panel's recommended Implementation Date?

#### Summary

Yes	No	Neutral/No Comment	Other
1	0	2	0

#### Responses

Respondent	Response	Rationale
Peak Gen Top Co Limited	No Comment	None given.
Waters Wye	No Comment	None given.
NGESO	Yes	We believe aligning P388 with the delivery of P354 is suitable and pragmatic.

Question 4: Do you agree with the Panel's initial view that P388 should be treated as a Self-Governance Modification?

### Summary

Yes	No	Neutral/No Comment	Other
1	1	1	

### Responses

Respondent	Response	Rationale
Peak Gen Top Co Limited	No	Please see response to Question 7 (sic).
Waters Wye	No Comment	None given.
NGESO	Yes	Yes, we agree with the rationale provided.

## Question 5: Will P388 impact your organisation?

### Summary

Yes	No	Neutral/No Comment	Other
1	1	1	0

### Responses

Respondent	Response	Rationale
Peak Gen Top Co Limited	No	None given.
Waters Wye	No Comment	None given.
NGESO	Yes	<p>A full impact assessment is yet to be completed at this stage as more detailed information about the proposed solution is required, however we do believe there will be a small impact. For P354, there are additional data fields that need to be provided to Elexon that are currently not in scope of the P354 solution, specifically splitting the import/export MSIDs and GSP group. For P344, we need to understand how P344, Wider BM Access, the expected Project TERRE delay and P388 all interact from a timing perspective – we believe they'll be minimal system impact</p> <p>We look forward to working with Elexon to understand the detailed requirements further and working towards implementation.</p>

## Question 6: Will your organisation incur any costs in implementing P388?

### Summary

Yes	No	Neutral/No Comment	Other
0	2	1	0

### Responses

Respondent	Response	Comments
Peak Gen Top Co Limited	No	None given.
Waters Wye	No Comment	None given.
NGESO	No	Whilst a full impact assessment is yet to be completed, at present we expect the changes in scope of P344 and P354 (brought about by P388) to be included in the costings of P344 and/or P354 respectively as the changes introduced by P388 are minor compared to the scope of the original modifications (P344 and P354).

## Question 7: Do you have any further comments on P388?

### Summary

Yes	No
2	1

### Responses

Respondent	Response	Comments
Peak Gen Top Co Limited	Yes	<p>P354 (and therefore P388) are part of a solution to remove imbalance payments from parties when they deliver balancing service to National Grid. As well as P354 and P388 the solution includes the balancing services agreements and the ABVSVD (LC14) statement. These comments relate to our understanding that the overall package does not deliver the intended outcome and are not specific to P388. As such we request that the panel passes these comments on to the Authority for their assessment of the overall solution.</p> <p>The Authority has approved DNOs providing balancing services by varying voltage on their network. By changing voltage on their network, end users will typically use more (voltage increase) or less (voltage decrease) energy as a result of the change.</p> <p>At present, the ABSVD statement does not have a methodology by which the energy impact on each meter can be estimated. A single balancing action delivered by a DNO varying network voltage could impact 10,000 or more settlement meters. The current solution envisaged by ABSVD and P354 assumes that the delivery of a service only impacts a single import/export meter pair. Further, P354 (and P388 as written) envisage that all meters are SVA registered. However, on a network it is likely that some (or all) of the meters are CVA registered. In this circumstance P354 (and therefore P388) cannot correctly adjust the relevant meters. Resolving this issue will take additional time and resource.</p> <p>A second issue arises in relation to the assumptions made when the Authority approved P354 alternate. By adjusting metered volume in the SVA system, the relevant suppliers' imbalance position is</p>



Respondent	Response	Comments
		<p>adjusted. P354 alternate does not inform the suppliers of the adjustment to their metered volume (for data protection reasons), and the expectation was that a supplier could contractually obligate an end user to advise the supplier if they entered into a balancing services agreement. This position is no longer valid because the end user has not entered into a balancing services agreement (the DNO is the contracting party) and the end user may not even be aware that their demand is being varied to deliver the service (unless the DNO is required to inform the impacted users).</p> <p>These changes mean that a supplier will purchase energy they expect their customers to use. Currently if the customer uses less energy, the supplier will be paid for the excess energy at imbalance price. From 1 April 2020 these changes mean that if a DNO varies a consumer's voltage to supply a balancing service, the suppliers' SVA volume will be adjusted so the supplier no longer receives the imbalance payment for the energy they have purchased but their customer has not used. Despite the supplier owning the energy, the DNO is paid for the energy as the utilisation fee in the balancing services agreement. At the very least it would seem appropriate that the supplier(s) was paid for their energy rather than the DNO.</p> <p>When looking at the supply market it can be seen that regional suppliers, such as Bristol Energy, are emerging. That may mean that a 10% reduction in demand over the local region could have a disproportionate effect on a regional supplier, its customers, and therefore impact competition. By not accounting for this the changes as defined, ignoring these new "service providers", seems to be in breach of the ABSVD, but also importantly against the code objective to improving competition. If a given supplier is facing a disproportionate imbalance exposure, they will become less competitive and customer choice will be eroded.</p> <p>If the workgroup and Panel agree with these comments, we request that the Panel advise the Authority that overall solution to adjust imbalance volumes is not delivered where DNOs provide certain balancing services by varying network voltage.</p>

Respondent	Response	Comments
Waters Wye	Yes	P354 was meant to remove all spill as a result of non-BM parties providing ancillary services. How is this working for the services being provided by the DNOs, notably the voltage reduction providing FR? There is a feeling that the treatment of some ancillary services in a different manner is unduly discriminatory.
NGESO	No	None given.