ELEXON

P413: Possible Alternative Modification Business Requirements

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Possible Alternative Modification Business Requirements

1. If Ofgem appoints Elexon as the MHHS PMO, SI and PPC[1], all of Elexon's costs in providing these functions will be recovered from Suppliers as BSC Costs through a new Specified BSC Charge – hereafter referred to as the 'MHHS Programme Monthly Charge'.
2. If Ofgem appoints Elexon as the MHHS PMO, SI and PPC, the costs associated with any independent MHHS programme Assurance provider will also be recovered from Suppliers through the same new MHHS Programme Monthly Charge as BSC Costs – regardless of whether Elexon or Ofgem procures this Assurance provider. If Ofgem procures this Assurance function (i.e. has the contractual relationship), then Elexon will need to be invoiced by Ofgem in order for the costs of the function to be included.
3. The new MHHS Programme Monthly Charge:
    a. Will be a Main Specified Charge;
    b. Will be charged on a monthly basis; and
    c. Will not be an SVA Cost (since it does not relate to the costs of operating the SVA arrangements).
4. The total annual amount to be recovered through the new MHHS Programme Monthly Charge will be set in advance for each BSC Year by Elexon in line with its budgeted costs.
5. For the first BSC Year in which the new MHHS Programme Monthly Charge is introduced, Elexon will use a special part-year budget process to establish the costs to be recovered (as that year's Annual Budget process will already have concluded). From Year 2 onwards, Elexon will use its normal Annual Budget process.
6. If the Funding Share System (FSS) changes needed to support the new charge come into effect after the P413 legal text, Suppliers' invoices for the first month following implementation of the system changes will include both that month's MHHS Programme Monthly Charge and back-dated MHHS Programme Monthly Charges for the applicable preceding months of that BSC Year. Elexon's MHHS PM costs in the interim will be recovered using the Main Funding Share, which will then be reconciled in the first month following implementation of the FSS changes in the normal way for Funding Shares.
7. Elexon will use the total annual amount of budgeted PMO/SI/PPC/Assurance costs for the BSC Year, plus the estimated total number of registered SVA Metering Systems in the BSC Year, to derive the MHHS Programme Monthly Charge for that year. The charge rate will be the same for each month of the BSC Year.
8. The Panel will approve the resulting '£ per SVA Metering System' monthly charge rate for each BSC Year, on the basis that this rate has been correctly calculated by Elexon in line with the methodology. Once the MHHS programme functions cease to be required and all associated costs have been recovered, the Panel will set the MHHS Programme Monthly Charge to zero.
9. Each Supplier's MHHS Programme Monthly Charge will be calculated as:

    [Total number of SVA Metering Systems for which the Supplier is Registrant on the first day of the given month] * [monthly charge rate per SVA Metering System].

[1] Project Management Office, System Integrator and Programme Party Co-ordinator.

10. While being a separate/new charge, the calculation for the MHHS Programme Monthly Charge will therefore use the same Metering System input data as the existing SVA Metering System Monthly Charge.

11. Elexon will undertake a reconciliation of the MHHS Programme Monthly Charge after the end of each BSC Year, as part of its final reconciliation of BSCCo Charges under the BSC. This will adjust the MHHS Programme Monthly Charge rate for that past BSC Year in order to correct any overall under-recovery or over-recovery of actual costs. This to avoid any surplus or shortfall being passed to generators and other non-Supplier Trading Parties through the Main Funding Share, which would otherwise happen in this scenario.[2] For transparency, Elexon will report the initial amount of over/under-recovery and the resulting adjusted charge rate to the Panel.

12. Elexon will publish, on the BSC Website, the rate approved by the Panel for the MHHS Programme Monthly Charge in the given BSC Year. As the Panel normally publishes Specified BSC Charges before the start of the relevant BSC Year, special publishing provisions may be needed for Year 1 of the charge.

13. Elexon will transparently report all costs associated with it providing the PMO, SI and PPC roles (as well as the costs associated with the Assurance provider) as part of its Annual Budget, Business Plan and Annual Report. This will be published as an aggregate figure so as not to reveal any commercially/contractually-sensitive costs.

14. [Either:

    14a: The new MHHS Programme Monthly Charge will increase Suppliers' share of BSC Costs. This will have the effect of increasing Suppliers' General Funding Shares, Default Funding Shares and Annual Funding Shares. As such it will also:

    a. Increase Suppliers' Voting Shares (used when voting on Resolutions at Annual BSC Meetings), but only where these remain below the overall Voting Share Cap of 6% of the votes.

    b. Increase Suppliers' share of Default Costs (the unpaid BSC Costs or 'bad debts' created by Defaulting Parties).

    Or:

    14b: The new MHHS Programme Monthly Charge will be excluded from the calculation of General Funding Shares, Default Funding Shares and Annual Funding Shares. As such it will:

    a. Not affect Suppliers' Voting Shares (used when voting on Resolutions at Annual BSC Meetings).

    b. Not affect Suppliers' share of Default Costs (the unpaid BSC Costs or 'bad debts' created by Defaulting Parties).]

[2] This will add some complexity, as Elexon does not normally reconcile Specified BSC Charges.