



Questions raised during committee updates on EMR

Item	Raised by:	Question	ELEXON Response
1	ISG153	<p>Re: Creation of Subsidiary Company for EMR work</p> <ul style="list-style-type: none">• What will it cost ELEXON to create the new subsidiary company?• What happened to the subsidiary that was created in anticipation of the outsourcing of BSCCo services?• Can this company be used for the EMR to save costs?	<p>We continue to work with DECC and the Counterparty to develop the contractual and structural arrangements for the provision of EMR services. DECC is proposing a single contract covering both CFD and CM services and this structure and more generally the terms, are being discussed with DECC:</p> <ul style="list-style-type: none">• Costs to incorporate a company start at £15 (DIY solution for standard constitutional documents) but increase where advice is required e.g. to tailor the Articles as proposed here (see below)• The costs associated with incorporating the subsidiary are borne by DECC via the Grant. Consequently there are no cost advantages to BSC Parties from using an existing subsidiary• The company that was established in anticipation of the outsourcing of BSCCo services is being dissolved <p>The Board's position to DECC is that BSC Parties should not bear risk or liabilities of EMR activities. This is best achieved pre go live by provisions in the Grant, and post go live by providing EMR services through a separate subsidiary whose activities will be limited to EMR</p> <p>As stated in the Panel's monthly update (221/14) to maintain oversight, the subsidiary board will comprise the BSCCo Chairman, one of the BSCCo Non-Executive Directors (NEDs) and two of ELEXON's Executive, plus the BSCCo company secretary as Company Secretary.</p>



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			<p>Furthermore, certain decisions of the subsidiary will be restricted through “reserved matters” i.e. matters that will require the approval of the BSCCo board. These will include:</p> <ul style="list-style-type: none"> ○ Changes to the subsidiary board’s membership ○ Any matter that might cause BSCCo to be in breach of its BSC obligations ○ Changes to share capital or granting any options ○ Extending or terminating material contracts
2	ISG153	<p>Re: The raising of CfD disputes</p> <ul style="list-style-type: none"> • Concern that non-BSC Parties can’t raise CfD disputes? Shouldn’t CPB or SB be able to raise disputes? • Who will pay for EMR disputes • Concern that the materiality threshold is too high • Request that ELEXON respond to Codes consultation on this area 	<p>We [ELEXON] have provided DECC with full details of the Trading Disputes process, including who can raise Disputes and that the materiality threshold of Disputes is based on BSC Imbalance Charges. A copy of this log will be passed to DECC for its further consideration.</p> <p>BSCCo is obliged by section W 1.5.1 to raise a Trading Dispute if it “becomes aware of any matters which would or might reasonably be expected to give rise to a Trading Dispute.” Should BSCCo be provided with evidence from CfD or CM participants of an error impacting BSC meters a Dispute shall be raised. It’s worth noting that a lot of errors can be corrected before the RF Run, without the need for a formal Trading Dispute.</p> <p>Any BSC Trading Dispute is paid for by BSC Parties as part of ELEXON’s operational costs. This will still be the case for any Disputes involving BSC meters that are used for EMR Settlement, because those same meters are also used for BSC Settlement.</p>



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			<p>We have noted the ISG members request for ELEXON to respond to the DECC Code and License consultation expressing concern in this area. At this time we do not intend to respond on this matter as we believe DECC's policy in this area can be implemented and we would encourage any party who holds a view on the BSC changes to respond to DECC's consultation.</p>
3	ISG153	<p>Re: Group Correction</p> <ul style="list-style-type: none">Do we know what impact Group Correction will have of the losses used for EMR generator metered volume calculations?	<p>Group Correction is only applied to SVA volumes and therefore will not impact any CMRS registered CfD generators. SMRS registered CfD generators will be required to use Half Hourly meters. Group correction is only currently applied to Non Half Hourly volumes, and Half Hourly import line losses.</p> <p>However, from 1 April 2014 HH import volumes will be corrected for GSP Group Correction by a Scaling Weight of 0.10 and HH import losses by 0.94. There are plans to apply correction to export volumes, but this requires the Code to be modified and is some time away. As it stands export volumes will not be corrected. CfD generator payments will be based on net volumes, net of any station demand. Therefore station demand captured by SVA meters will have its metered volumes corrected in accordance with the BSC. However, over the course of the year we would expect the correction to average one, and therefore to have no net effect on payments, on average.</p> <p>Whilst DECC policy is yet to be finalised for the private wire metering arrangements, we do not currently anticipate any correction to be applied to these volumes.</p>



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			<p>For completeness, EMR Supplier volumes will be corrected for GSP Group Correction. CfD Supplier volumes will be based on gross volumes (excluding Active Export CCC IDs). DECC are yet to confirm how Supplier volumes for the Capacity Market will be calculated. The CM Settlement Agent will have both Gross and Net Supplier Volumes available, and we therefore believe no further BSC system changes will be needed to calculate EMR Supplier volumes.</p>
4	ISG153	<p>Re: BSC</p> <ul style="list-style-type: none"> Will there need to be changes made to the BSC for the input electricity issues under EMR? 	<p>As a principle, CfD payments will be based on metered output net of station demand (electrical power required in order to generate electricity), irrespective of where the station demand is supplied from.</p> <p>This is consistent with the BSC. Further work is under way to allow existing Generators accredited under the Renewable Obligation (RO) scheme to apply for and receive CfD support for additional (but separate) capacity installed. DECC are developing this policy under its dual scheme policy. The dual scheme proposals will be considered by the CfD metering expert group.</p>
5	ISG153	<p>How will participants have visibility of the CM sites using the HHDA (or non-BSC metering options) for secondary trading?</p>	<p>We will flag this to DECC for consideration. Current proposals will not give industry visibility of participants using the HHDA metering option. DECC are considering what reporting needs to be done for CM and CfD participants.</p>
6	ISG153	<p>Re: Different uses of BMUs</p> <ul style="list-style-type: none"> There was some general concern over the structure that was currently being considered. 	<p>The current proposal is only for Additional BM with CfD or CM assets to be assigned a new BMU name/ID. These Additional BM Units will still be of type 'S' to indicate it is a Supplier Additional BM Unit, but the BMU Name will start with 'C_' rather than '2_' as is currently the case.</p> <p>All CVA BM Units with CM or CfD assets will not have a new identifier. We do not believe it necessary for the BSC to distinguish which BM Units are for EMR purpose</p>



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			<p>e.g. CfD, CM, EII.</p> <p>The new 'C_' identifier exists to support the exclusion of the £100 monthly BSC charge for Additional BM Units and to make the registration process more efficient, effective and economic for industry. DECC are considering what reporting is needed to support the CfD and CM arrangements.</p> <p>To create new flags in the CRA registration file as suggested by ISG was considered but not deemed necessary or proportionate to the EMR requirements. Current proposals require no system changes.</p>
7	ISG153	<p>Re: Costs to BSC Parties</p> <ul style="list-style-type: none">• How will the costs be shared for existing interfaces used for EMR such as the DTN?	<p>The interfaces for EMR are still being developed by DECC. We [ELEXON] have just published a consultation on interfaces with the EMR Settlement Agent. We would welcome respondent's views on expected costs for its preferred interface.</p> <p>It is currently proposed that the HHDA metering option uses the DTN. Question 3.1 in the consultation relates to this proposal. DECC are not currently intending to pay for the creation of the new data flows or the HHDA system changes. The cost of transmitting the data over the DTN will be paid for by users of the DTN under its charging methodology.</p> <p>Under this metering option the EMR Settlement Agent will need to become a user of the DTN. Any costs incurred by the EMR Settlement Agent for using the DTN will be recovered through the operational levy. Current indicative (Electralink Schedule of charges 22 Jan 14) DTN costs would include £2.44 per MB of DTN traffic, and an annual infrastructure charge of between £3.2K and £26K (depending on type of gateway chosen).</p>



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			<p>Furthermore, any costs BSCCo has or will incur for EMR, for example in drafting the BSC changes for EMR will not be paid for by BSC Parties. The DECC grant will pay BSCCo costs until March 2014, following which any costs incurred will be recovered from the relevant operational levy.</p>
8	PAB156 & SVG156	<p>There was strong doubt raised by SVG and PAB whether any metering options that did not apply BSC standards and validation could deliver acceptable quality of data. It was suggested that the controls under the BSC, such as validation rules and commissioning are adopted for non-BSC metering options to ensure sufficient accuracy and validity, especially as EMR Settlement could involve large sums of money.</p>	<p>DECC are continuing to work on the CfD and CM non-BSC metering options. Where possible CfD and CM will work together to develop the non-BSC metering options. In DECC's latest CfD Private Wire paper they have stated they intend to create a rules and procedures document, which will:</p> <ul style="list-style-type: none"> enforce a minimum level of technical compliance to protect the integrity, accuracy and consistency of Metered Output for CfD Settlement; set out which BSC controls and mechanisms should be applied and how (including directions on Metering Disputes, Calculation of Interest, Estimated Metered Output, Access and Testing Rights, Settlement requirements etc.); and develop the audit and verification framework. <p>We will flag the PAB's and SVG's comments to DECC.</p>
9	PAB156 & SVG156	<p>PAB and SVG were keen to better understand the timescales in implementing the HHDA metering option. Whilst they believed there was sufficient time to implement by March 2015, they stressed that time was of the essence and consideration should be given to the other changes HHDA's have to implement this year. Further work may be needed to consider how to handle exceptions created by this option, how to apply estimations or defaults. It may also be that</p>	<p>We will pass this feedback onto DECC.</p>



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		HHDCs need to provide data to HHDA's where data is missing or invalid. The committees expressed a desire for DECC to provide greater notice of events, and to provide clearer communications on progress and next steps on the HHDA option, so that they can provide the support needed to ensure a successful delivery of this option.	
10	PAB156	PAB asked if there was any interaction or impact between EMR and the smart or P272 changes.	We do not believe there is any impact from EMR on smart or P272 at this time. All CM providers and CfD generators will use Half Hourly metering, which are not impacted by smart or P272. Supplier volumes may be indirectly impacted by smart and P272. Any impact on Supplier volumes will feed through to the EMR Settlement calculations.
11	PAB156	PAB asked what the impact on the PAF was from EMR.	<p>We do not expect any material impact on the Performance Assurance Framework. It should be business as usual.</p> <p>As discussed at the meeting, Supplier volumes from the II Run will be used for EMR Settlement. PAB may like to consider whether to include II data in its reports and whether any performance standards are needed.</p> <p>The HHDA metering option will require HHDA's to change its systems and PAB may like to consider what the Re-Qualification or Technical Assurance expectations are.</p> <p>The Counterparty may call on the TAA to conduct inspection of CM or CfD sites (costs paid for by the Counterpart). This may mean more BSC meters will be inspected.</p>