

EMR – Panel Update

Meeting Name	BSC Panel
Meeting Date	9 January 2014
Purpose of paper	For Information
Summary	This paper is the Panel's monthly update on ELEXON's appointment as the Settlement Agent for both Contracts for Difference (CfDs) and for the Capacity Market (CM).

1. Engagement

- 1.1 DECC's most recent EMR consultation (published on 10 October 2013) closed on 24 December 2013; ELEXON's response is published on the ELEXON website and can be viewed at: <http://www.elexon.co.uk/about/insights-consultations-cpcs/industry-insights/>
- 1.2 ELEXON's response is focused on the operational delivery of both CM and CfD services and highlights a number of areas where DECC's policy is not yet fully defined and requires further clarification.
- 1.3 As well as participating in various DECC work groups, ELEXON is also a member of DECC's Programme Management Board (PMB) (along with all DECC's workstream leads, National Grid and Ofgem), which is chaired by Jonathan Mills, the Senior Responsible Officer (SRO) for EMR within DECC. The PMB is the forum through which ELEXON's progress and risks are formally communicated.

2. Governance

- 2.1 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 between the ELEXON EMR subsidiary, the CFD Counterparty and the CM Settlement Body, covering both CFD and CM services and this structure and more generally the terms, are being discussed with DECC.

3. System Procurement

- 3.1 An update on the procurement progress is contained in Attachment A which is confidential.

4. Requirements' certainty

- 4.1 Industry continues to engage with DECC for example through the Collaborative Development process and through their own responses to DECC's EMR consultation responses. From our own discussions with DECC it is clear that DECC's attention will be now turn to the consultation responses and how responses may impact policy preferences.
- 4.2 DECC's timetable for responding to consultation responses is not visible to ELEXON but could potentially occur towards the end of Q2 2014 leaving a limited window for the implementation of new systems and processes. ELEXON will be seeking early sight of any policy changes that may impact the Settlement Agent's systems and processes particularly those that are subject to the system procurement.

5. Changes to the BSC and BSC Systems and processes

- 5.1 We continue to work with DECC and National Grid to finalise the drafting of the proposed changes to the BSC and Transmission Licence which DECC propose to consult on (along with all other Code and Licence changes) in early January 2014.
- 5.2 As previously reported, the BSC System changes are being implemented in the June 2014 release and will deliver the Supplier and Generator volumes needed by the EMR Settlement Agent to calculate the CFD and CM payments. Communications regarding the release implementation timescales will be notified to BSC Parties through the established channels.
- 5.3 The scope of the BSC System changes will need to be extended to cover the use of Additional BM Units for both CfD and CM purposes. For CfDs, Suppliers generally become the Registrant of SVA Metering Systems for an embedded Generator once they have signed a Power Purchase Agreement (PPA). Typically these Metering Systems will be assigned to the Supplier's Base BM Unit. Under a CfD the metering systems will be assigned to its own Additional BM Unit so that its Metered Volumes may be passed to the EMR Settlement Agent from the BSC in a disaggregated form.
- 5.4 A new process has been developed with DECC to ensure Additional BM Units are available for use once a PPA has been signed between the Generator and the relevant Supplier. This requires the registration of a set of Additional BM Units, of which only one will be needed. Changes to the CRA system are needed to exclude the monthly charge. We are also looking at the possibility of changing the BMRS to exclude unused Additional BM Units.
- 5.5 For CM purposes an optional Half Hourly Data Aggregator (HHDA) metering solution is also being considered and we have been requested to draft the BSC changes (to place a new obligation on HHDA's through Suppliers) and the appropriate DTC changes. Should this option be progressed it could also be available for CfDs Generators.
- 5.6 Updates to the relevant Panel Committees will be given at the end of January/early February 2014.

6. Financial Regulations

- 6.1 No further update on this aspect this month as we await a joint approach to the FCA with DECC in the new-year.

7. Resource effort and expenditure

- 7.1 CfD/CM expenditure is contained in Attachment A which is confidential.

8. Recommendation

- 8.1 The BSC Panel is invited to:
 - a) **NOTE** the EMR update.

Attachments:

Attachment A: CfD/CM Confidential Update



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