

Public

Issue 89 – Ensuring Demand Control Event (DCE) procedures remain fit for purpose

Meeting 2

29 June 2020

Introduction and Objectives

Agenda item	Lead
1. Introduction and Objectives	Lawrence Jones (Chair)
2. Meeting 1 recap	Craig Murray (Lead Analyst)
3. Request for Information analysis	Angus Fairbairn
4. Next Steps	Craig Murray
5. AOB	Lawrence Jones

Objectives for this meeting:

- Gather Issue Group's views of the RFI outcomes
- Determine Issue Group's thoughts on the RFI outcomes on the progression of P397



Meeting 1 recap

Craig Murray



Meeting 1 recap

Agenda item	Lead
1. Introduction and Objectives	Lawrence Jones (Chair)
2. Next Steps	Craig Murray (Lead Analyst)
3. Background	Craig Murray
4. Process Costs and Benefits	Angus Fairbairn
5. Request for Information	Workgroup
6. Lessons Learned	Workgroup
7. AOB	Lawrence Jones

Objectives for this meeting:

- Understand difficulties encountered when performing the Settlement Adjustment Processes
- Agree the questions to be included in the Request for Information to be issued following the meeting

Meeting 1: recap

- Finalised RFI and circulated
- Determined main issues with Settlement Adjustment Process to consider at next meeting:
 - Different types of DCE event and whether the SAP should be performed for all and, if not, which should be excluded and why
 - Solutions and improvements to the SAP (e.g. should LDSOs send data flows directly to DAs rather than to NGESO)
 - How to account for export/embedded generation in SAP calculations

Meeting 1: recap

Lessons learned:

- Need for consistent CSDs and data flow definitions
- Potential need for scheduled end-to-end testing
- Consistency and clarity of communications
- Unclear how the number of impacted Export MSIDs affected disconnected volumes
- Any pragmatic relaxation of submission rules should be applied universally and communicated effectively
- Market has changed significantly since SAP introduction
 - Focus on introduction was on managing demand, but this did not consider significant embedded generation

Meeting 1: recap

NGESO actions:

- Look into why Suppliers didn't provide relevant data to LDSOs around embedded MSIDs
- Determine whether the disconnected values given would be significantly different when comparing expected disconnected volumes (5%) vs. actual disconnected volumes (3.2%)
- Determine whether the disconnected value givens given would be significantly different to estimates provided within 15 minutes

Meeting 1 recap: P397

■ Issue

- Settlement adjustment processes (also known as the 'bottom-up' processes) introduced into the BSC may not be efficient to run in all circumstances, for example, when considering a DCE that has minimal material impact on Settlement. This possibility was highlighted following the [DCE which occurred on 9 August 2019](#).

■ Proposed Solution

- P397 would introduce a mechanism through which BSCCo determines whether LDSOs, NETSO, certain Party Agents and BSC Agents, and BSCCo should carry out the Settlement adjustment processes.

Meeting 1 recap: P397

- Initial cost threshold for performing Settlement adjustment processes (**£75.13/MWh**) based on estimates gathered from relevant parties
- Ofgem issued a Send Back Direction on 3 March 2020 requesting further evidence be gathered before it could make a decision:
 1. Evidence gathered from the lessons learned exercise associated to the full set of costs for the Settlement Adjustment Process (SAP) as well as the different in costs for different Parties
 2. The cost of running the SAP following the DCE on 9 August 2019
- Agreed to gather the evidence as part of Issue 89 and present the findings at the Panel's meeting on 9 July



RFI Analysis

Angus Fairbairn

RFI Communication

Made clear in the RFI letter that we were looking for responses from BSC Parties and Party Agents impacts both directly and indirectly by the DCE:

- DAs, DCs, LDSOs, NGENSO and Suppliers

Communicated the RFI by:

- Emailing to the BSC Modifications distribution list
- Emailing SAP operational contacts
- Utilising OSMs for all potentially impacted Parties
- Posted in the ELEXON Newscast
- Advertised on the ELEXON website (P397 webpage, Issue 89 webpage, BSC Modifications webpage)

DCE RFI Responses

- RFI responses were received from:
 - 10 out of 11 affected LDSOs
 - 7 out of 8 affected HH Data Collectors (DC)/Data Aggregators (DA)
 - 5 out of 13 affected NHH Data Collectors (DC)/Data Aggregators (DA)
- The responses covered:
 - c.95% of LDSO reported disconnected Metering Systems
 - c.97% of reported disconnected HH Metering Systems
 - c.20% of reported disconnected NHH Metering Systems
- For analysis, DCs and DAs have been analysed together as 'Agents' as some responses combined costs
- Note no other industry parties, such as Suppliers, responded to this RFI

DCE RFI responses – Issues and Mitigation

■ Issues:

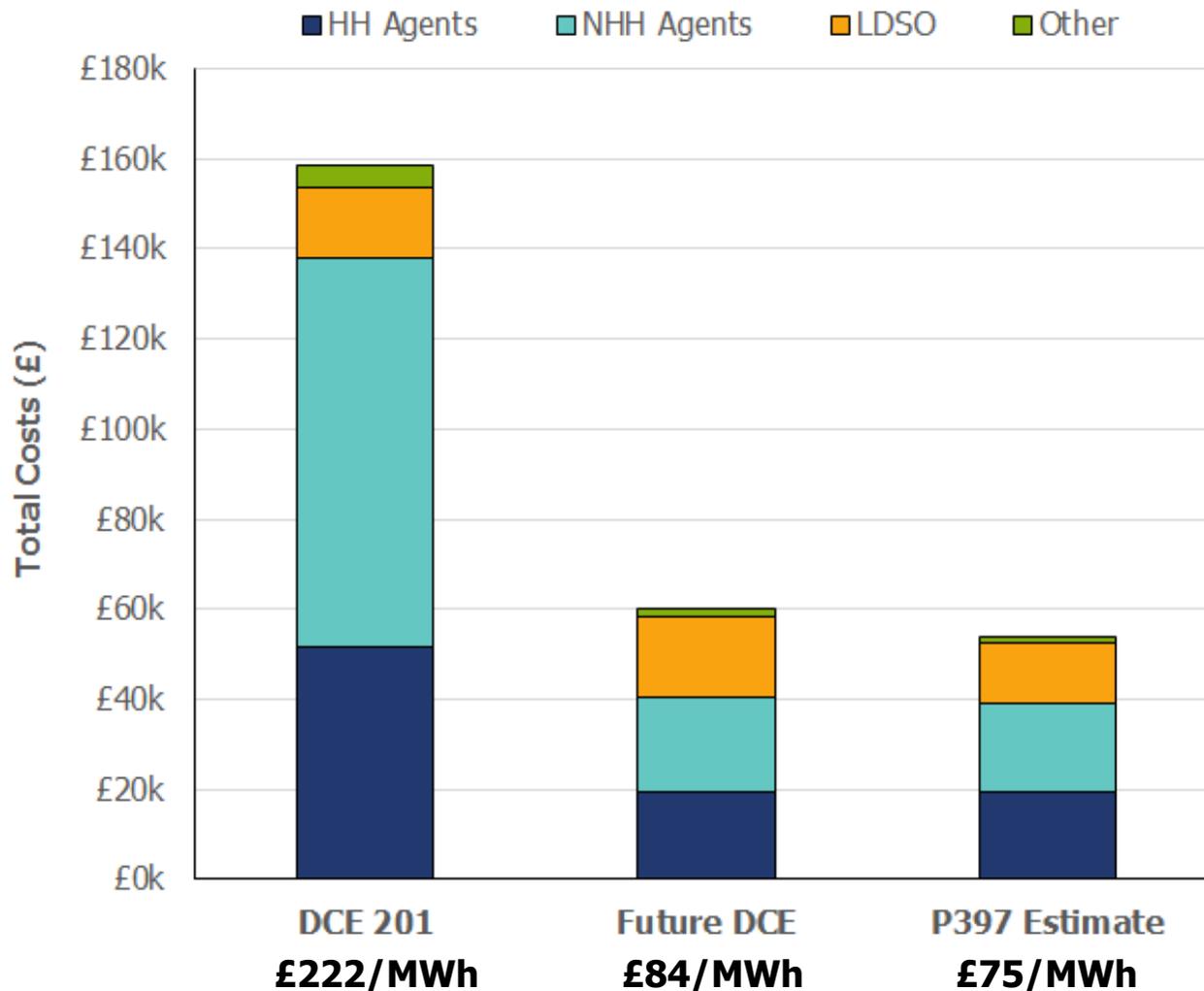
- Responses from Agents varied in detail, making direct comparisons hard
- Some responses combined HH and NHH costing, making analysis by meter type difficult
- Lack of responses from NHH Agents meant costs had to be uprated significantly when estimating total costs
- Some Agents, when contacted, stated they would not submit an RFI response

■ Mitigation:

- ELEXON contacted some Agents to request clarification/further details
- ELEXON contacted the NHH Agent who had stated they would not respond. Following discussions, they confirmed their costs for DCE201 and future DCEs were in line with those reported by other Agents

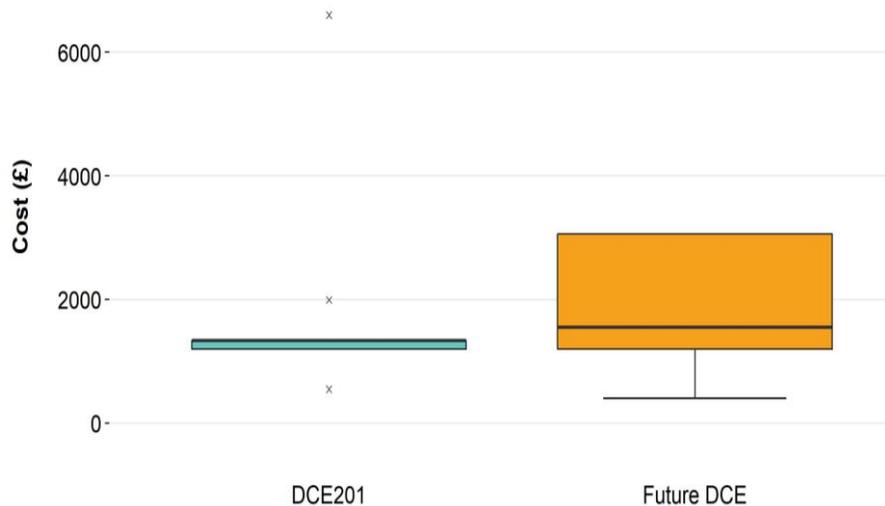
Costs of DCE for Agents, LSDOs and Others

Total costs of running DCE201 vs. Future DCE



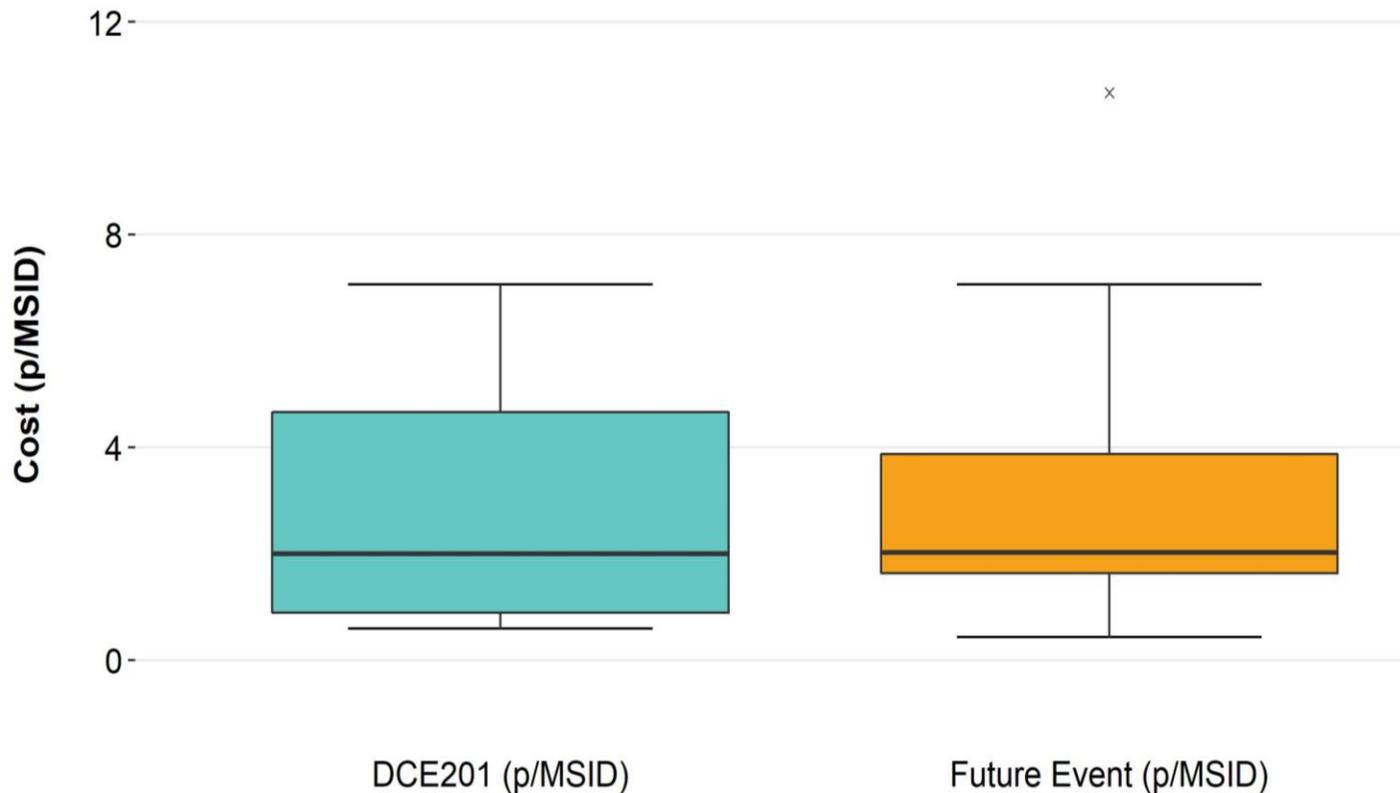
- Total estimated costs for DCE201, using data from RFI responses, was £158k
- Total estimated costs for future DCEs, using data from RFI responses, is £60k
- Total estimated costs in original P397 report, using indicative data for Agents and LSDOs, was £54k
- "Other" covers any costs faced by ELEXON (and Service Providers)

LDSO Total Costs by MPID



- DCE201 total Costs were well grouped around a median of £1,336
- For Future Events, the median rose to £1,550, as an LDSO predicted running the process for three Settlement Runs (SRs)
- If this LDSO did not do this, the median for Future Events would be £1,019

LDSO Cost per MSID



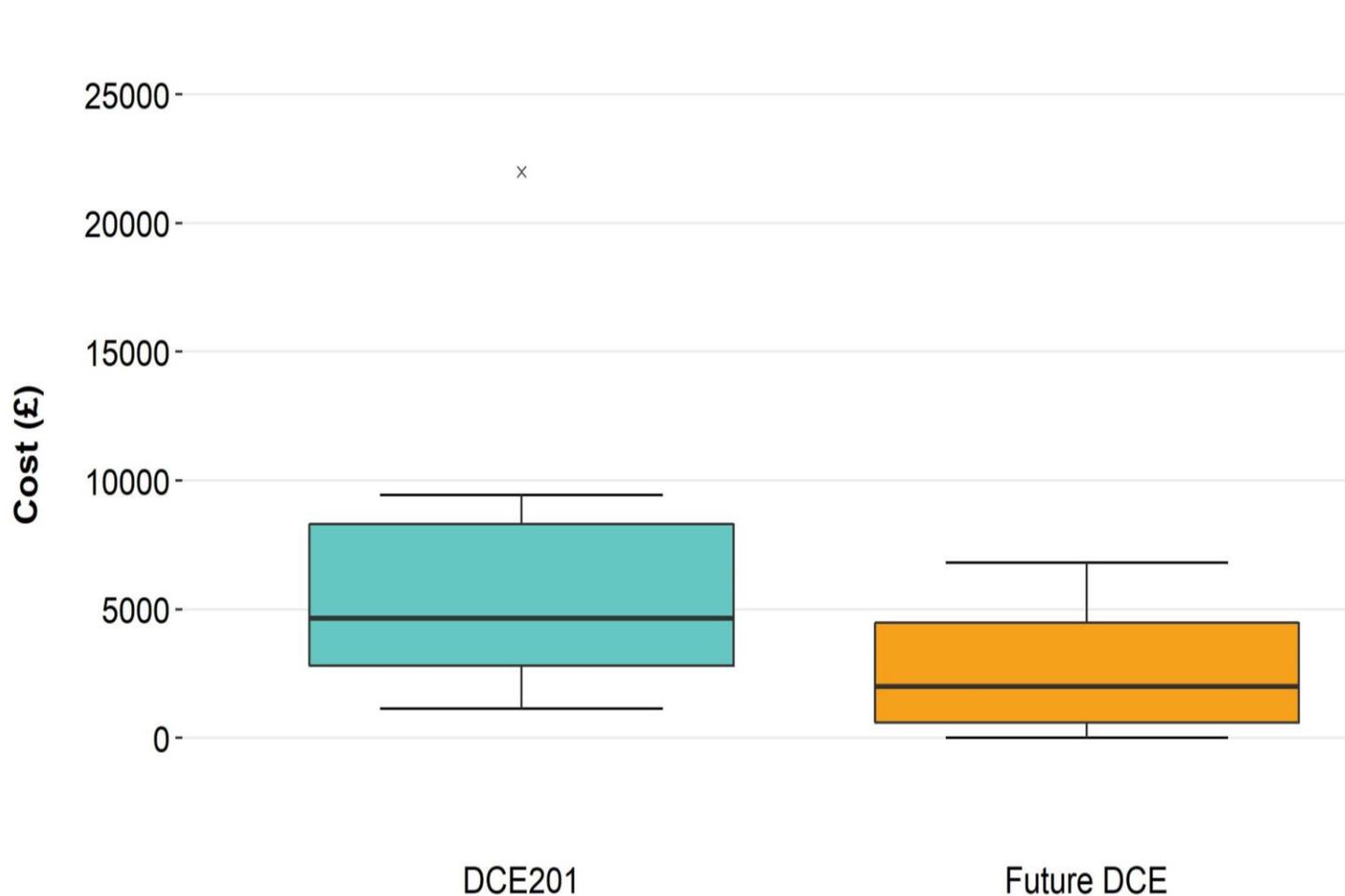
- DCE201 costs showed a greater spread at MSID level, with a median of 1.99p/MSID
- For Future Events, the median rose to 2.02p/MSID, as an LDSO predicted running the process for three SRs
- If the LDSO did not do this, the median for Future Events would be 0.95p/MSID.

P0238 Re-Run Conditions

- Stated in BSCP515 4.3.4:

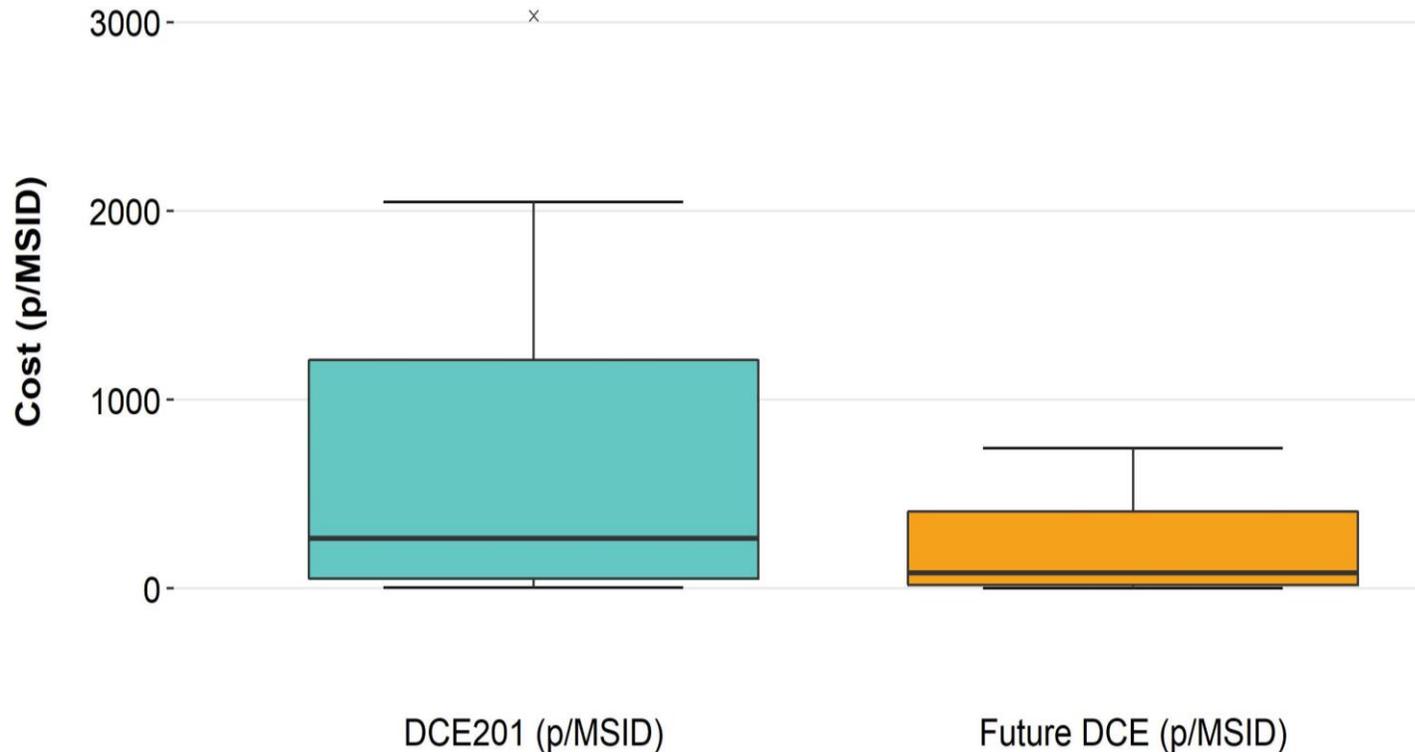
"Where necessary, the LDSO should resend a P0238 where it is necessary to update the list of MSIDs related to a Demand Control Event. The LDSO should reuse the original Demand Control Event ID when sending an updated P0238."
- When responding to the RFI, one LDSO included the creation of a P0238 file for three Settlement Runs within their costs
- All other LDSO did not refer to the production of multiple P0238 files in their RFI responses, so are assumed to only create the P0238 file once
- Q: Does the Workgroup believe it is necessary for LDSOs to create multiple P0238 files in future DCEs?

HH Agents Total Cost by Company



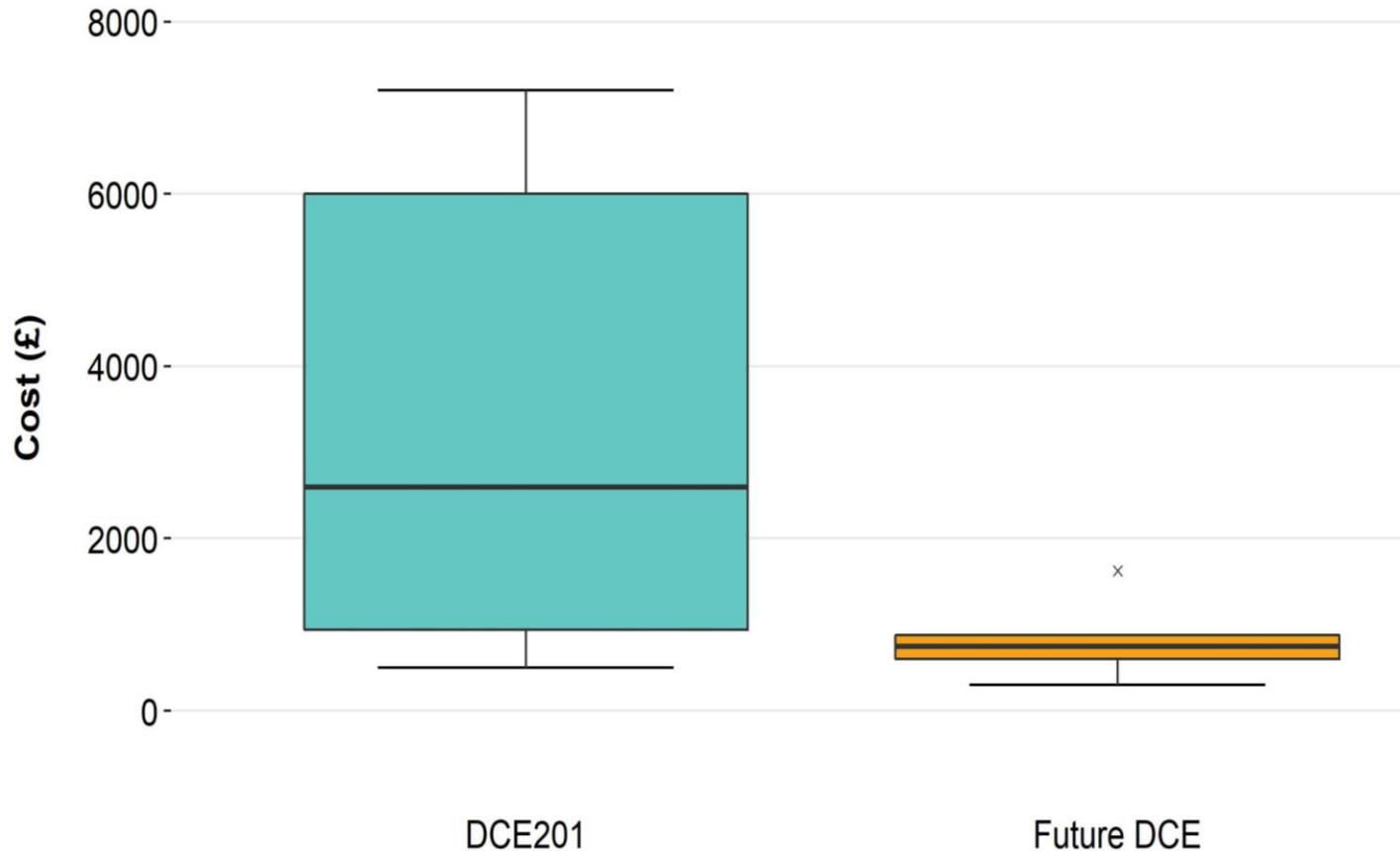
- DCE201 costs were moderately spread around a median of £4,650
- The outlier is an Agent who saw considerable costs in creating systems to load and process data files
- For Future Events, the median reduced to £2,000
- All Agents saw a reduction in costs moving forward

HH Agents Cost per MSID



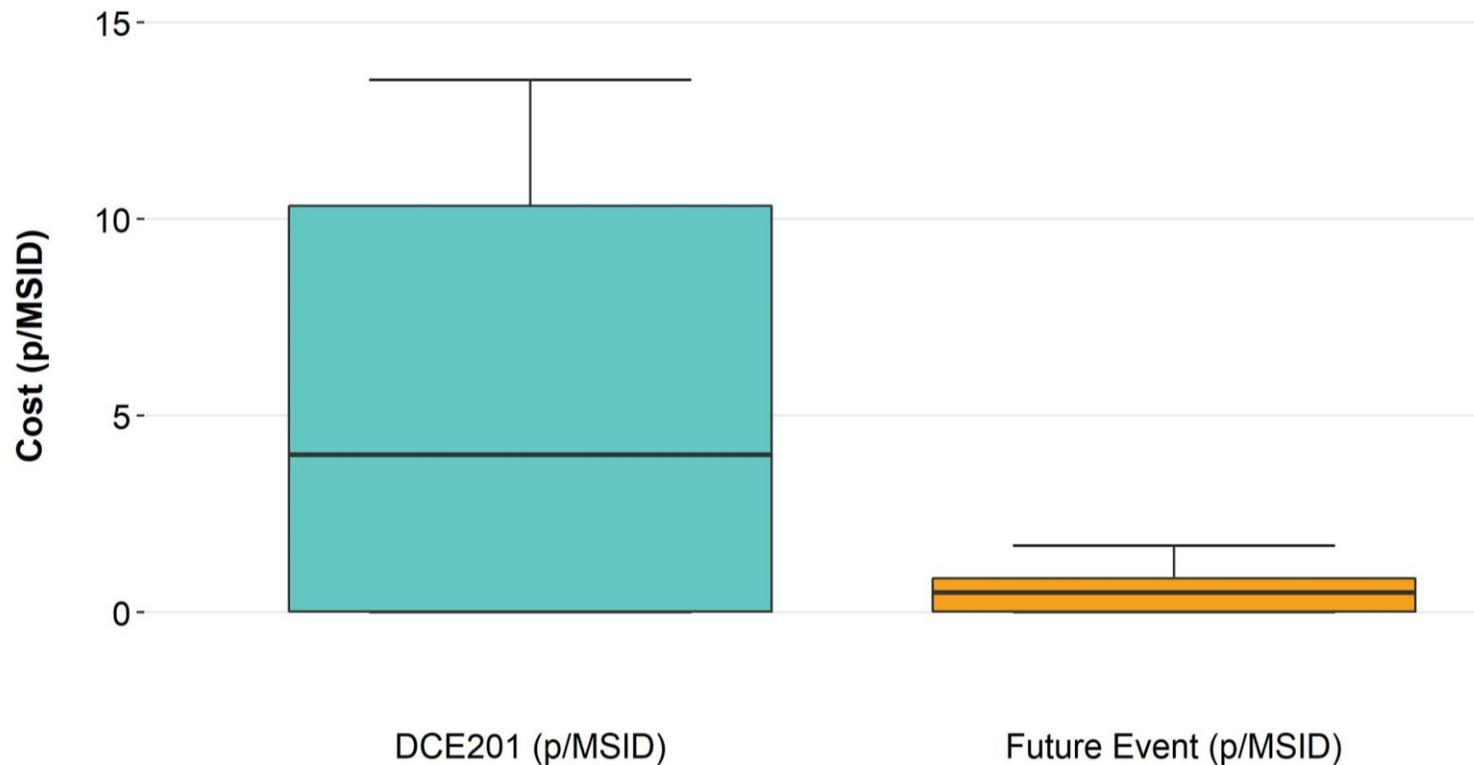
- DCE201 costs were widely spread around a median of 264p/MSID
- For Future Events, costs were more aligned around a lower median of 82p/MSID
- All Agents saw a reduction in costs moving forward

NHH Agents Total Cost by Company



- DCE201 costs were widely spread around a median of £2,600
- For Future Events, costs were more aligned around a lower median of £750
- All Agents saw a reduction in costs moving forward

NHH Agents Cost per MSID



- DCE201 costs were widely spread around a median of 4p/MSID
- For Future Events, costs were more aligned around a lower median of 0.5p/MSID
- All Agents saw a reduction in costs moving forward

Analysis Summary

- RFI responses represented the costs of LDSOs and HH Agents well
- Due to lower response rates, NHH Agents costs had to be uprated significantly when estimating total costs
- RFI responses project future DCEs will cost significantly less than DCE201
- Future DCEs are projected to cost 38% of DCE201, and are in line with the estimates in BSC Modification P397
- RFI responses highlighted a significant variation in cost between similar agents and roles for DCE201; however, for future DCEs there was less variation
- LDSO and NHH Agents do not appear to be majorly affected by the number of impacted MSIDs within a DCE
- In contrast, HH Agents' costs appear to be linked to impacted MSID numbers
- Based on RFI analysis, a future DCE cost value is estimated to be **£60k (c.£84/MWh)**



Next Steps

Craig Murray

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Next Steps

- P397 FMR to be presented to Panel: **9 July**
- Third Issue Group meeting: **W/C 03 August 2020**
- Issue Group to review Issue Report: **17 – 21 August 2020**
- Present Issue Report to Panel: **10 September 2020**



AOB

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