# Assessment Procedure Consultation Responses

# P442 ‘Reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply’

ELEXON

**Phase**

- Initial Written Assessment
- Definition Procedure
- Assessment Procedure
- Report Phase
- Implementation

This Assessment Procedure Consultation was issued on 2 October 2023, with responses invited by 20 October 2023.

## Consultation Respondents

| Respondent | Role(s) Represented |
|---|---|
| Drax | Generator, Supplier, ECVNA, MVRNA |
| ENGIE | Supplier |
| IMServ Europe Ltd. | Supplier Agent |
| Stark | Distributor, Supplier Agent |


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# Question 1: Do you agree with the Workgroup's initial unanimous view that P442 does better facilitate the Applicable BSC Objectives than the current baseline?

## Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

## Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We believe that P442 better facilitates the Applicable BSC Objectives.<br><br>P442 is positive towards Objective c) Promoting effective competition in the generation and supply of electricity:<br><br>The effect of P442 is to appropriately account for and relieve licenced suppliers of charges for exempt supply. This should promote competition and enable new entrants with innovative business models to compete with other Suppliers.<br><br>P442 should enable Suppliers to offer renewable power to end customers at a lower cost, which further increases demand and competition for small-scale renewables. We believe this should be positive for the UK's net zero aims/climate targets.<br><br>P442 is positive towards Objective d) Promoting efficiency in the implementation of the balancing and settlement arrangements:<br><br>This is because the proposed arrangements are better than the current interim solution which requires time-consuming manual workarounds which are not efficient.<br><br>P442 is positive towards Objective f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation:<br><br>This is because the proposed solution presents an efficient way for managing processes in accordance with the EMR legislation. The current process is inefficient because it has been necessary for manual interventions and liaison with EMRS to |


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| Respondent | Response | Rationale |
|---|---|---|
| | | ensure that bills are corrected, to remove Exempt Supplier volume from gross demand data. |
| ENGIE | Yes | The proposed solution will be a significant improvement for all Parties involved compared to the current interim process. |
| IMServ Europe Ltd. | Yes | Agree with rationale in consultation. |
| Stark | Yes | Agree with the views & comments made for Objectives (c), (d) & (f) |


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## Question 2: Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P442?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 3 | 0 | 1 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | - |
| ENGIE | - | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 3: Do you agree with the Workgroup that the draft amendments to the CSDs in Attachment C delivers the intention of P442?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 3 | 0 | 1 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | - |
| ENGIE | - | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 4: Do you agree with the Workgroup's recommended Implementation Date?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | The recommended implementation date of 7 November 2024 corresponds with the minimum required lead times as specified in our response to Q15. As set out in our response to Q15, we would recommend at least nine months lead time from the Ofgem decision date for implementation. |
| ENGIE | Yes | It would be good if the earlier implementation date could be achieved. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 5: Do you have any views on the potential alternate Implementation approach where the legal text and associated subsidiary documents would be Implemented prior to the BSC system changes?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 1 | 2 | 1 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | Because an interim process already exists we don't believe that the requirement is sufficiently urgent to justify the alternate approach. Our preference would be that the BSC document changes and system changes go live on the same date. |
| ENGIE | - | No comment. |
| IMServ Europe Ltd. | No | - |
| Stark | No | - |


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## Question 6: Do you agree with the high level transition approach for moving from the interim solution to the P442 enduring solution?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | P442 would remove the need for the current interim solution. After a decision has been made to cease approvals for SVA Metering Systems to be treated as Exempt Supply, we agree that having at least a six-month period to allow those parties using the interim system to migrate to an Exempt Supply Notification Agent (ESNA)-facilitated arrangement is a sensible approach. We would recommend that Elexon issue clear communications to industry parties in advance of the ending of the interim solution. |
| ENGIE | Yes | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 7: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P442 which would better facilitate the Applicable BSC Objectives?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | - |
| ENGIE | Yes | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 8: Do you agree with the Workgroup's initial view that the P442 solution should not facilitate exempt supply arrangements in which customers can have a different licensed Supplier to that used by the exempt supplier?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 3 | 1 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We agree with the Workgroup's view that the P442 solution should not facilitate exempt supply arrangements in which customers can have a different licensed Supplier to that used by the Exempt Supplier.<br><br>This would be significantly more complex than the proposed solution. We believe that the additional costs, complexity and risks associated with such changes would outweigh any potential benefits. It is far more practical for one Supplier to be involved in the exempt arrangements.<br><br>If multiple Suppliers were involved there is a risk that each party could have conflicting views and positions and that customers could be left unsupported. There are a number of other complexities which the workgroup discussed including the potential for imbalance adjustment risks. Please note that if P442 was to apply to multiple suppliers, we would not be supportive of the proposal as we believe that the additional costs and complexity would outweigh and potential benefits.<br><br>To clarify, our support is based upon the assumption that multiple Supplier MPIDs will be allowed under the same Company Group. This is necessary to facilitate Supplier set-ups where Suppliers register all of the import versus export under different Supplier MPIDs. They may then aggregate all of the export volume and MVRN the volume across to the import Supplier MPID so that the volume can be sleeved to the end customer. Without this facility, P442 would be too complex and costly for us to administer for our customers. |
| ENGIE | No | We understand the difficulties associated with having different suppliers involved as outlined in the consultation document, but noting that "the |


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| Respondent | Response | Rationale |
|---|---|---|
| | | Proposer remains open to adopting the multiple Supplier arrangements, subject to consultation feedback, particularly if the Workgroup adopt the current Proposed solution", we would support both options being presented to Ofgem. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | Agree with the majority view that the solution should initially facilitate a single licensed Supplier arrangement due to the discussed potential complexities of Customers having different Suppliers, however support the view the solution not preclude the option for arrangements to be made in the future should the situation occur. |


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## Question 9: Do you agree with the Workgroup's view that CVA systems should not be included in the P442 solution?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | The majority of Exempt Supply is SVA. We agree with the Workgroup view that the inclusion of CVA would add additional complexity with minimal benefit due to its limited applicability. Given the 5MW restriction to Class A exempt supply, we do not see any practical application for larger Transmission-connected CVA sites. |
| ENGIE | Yes | We agree that CVA parties are unlikely to use the ESNA process. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 10: Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We have no additional comments at this time. |
| ENGIE | Yes | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 11: Do you agree with the Workgroup's assessment that P442 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

### Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We have no additional comments at this time. |
| ENGIE | Yes | No comment. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | - |


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## Question 12: Will P442 impact your organisation?

### Summary

| High | Medium | Low | None | Other |
|---|---|---|---|---|
| 0 | 2 | 1 | 0 | 1 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We agree that P442 will have a positive impact on Suppliers who facilitate Exempt Supply arrangements. Required changes will include appointing suitably qualified ESNAs, providing details of Exempt Supply arrangements to those ESNAs and sending metered data to ESNAs via D0036 and/or D0275. A thorough review will be required by our relevant internal teams of all of the documented potential system and process impacts in order to fully determine the scale of this and any other impacts. |
| ENGIE | Low/Medium | We have yet to review the impacts in detail but not expect a major impact. |
| IMServ Europe Ltd. | Medium | There would be likely system development required to facilitate the tracking of MPANs that are affected by this process and the ESNA that relates to each one, as well as the development required to send existing DTC flows to a new market role (if ESNA and HHDC setup agreed with the supplier).<br><br>There would also need to be manual effort to create commercial offerings between us and suppliers, which could then involve revision to contractual agreements. |
| Stark | Low | This will be minimal due to the optional nature of any potential bi-lateral arrangements for HHDC's. |


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# Question 13: How much will it cost your organisation to implement P442?

## Summary

| High | Medium | Low | None | Other |
|---|---|---|---|---|
| 0 | 2 | 2 | 0 | 0 |

## Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Medium<br><br>£100k-£500k | At this early stage of analysis, it has not been possible to fully assess the likely impacts on systems and processes, but at this time, we are minded to agree with the initial documented estimated cost range of Medium (M): £100k-500k. Discussions with our Technical IT/Business and Testing analysts suggest that costs are unlikely to be significantly greater than £100k (and so are expected to be at the low end of the Medium range). |
| ENGIE | Low<br><br><50k | The current solution does not imply any systems costs for us so low impact. |
| IMServ Europe Ltd. | Medium | Due to the development costs and manual time for the activities mentioned above. |
| Stark | Low | Low implementation costs based on the optional nature of HHDC requirements to provide data to the ESNA. |


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## Question 14: What will the ongoing cost of P442 be to your organisation?

### Summary

| High | Medium | Low | None | Other |
|---|---|---|---|---|
| 0 | 1 | 3 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Low-Medium<br><br>£50k-£100k | At this early stage of analysis, it has not been possible to fully assess the likely ongoing costs to our organisation, but we would estimate these costs to be in the Low – Medium (L-M) range of £50k-100k. |
| ENGIE | Low<br><br><50k | Will mainly be ongoing staff training on the process, and any commercial arrangement with an ESNA. |
| IMServ Europe Ltd. | Low | Once implemented, ongoing costs I would suspect would fall into the 'Low' bracket estimate, however if there were substantial volume of arrangements between IMServ HHDC and Supplier or ESNA, this could be more. |
| Stark | Low | Ongoing costs would start Low due to the optional nature for HHDC data provision, however this would increase should a decision be made for Stark to qualify in the role of ESNA. |


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## Question 15: How long (from the point of approval) would you need to implement P442?

### Summary

| 0-6 months | 6-12 months | >12 months | Other |
|---|---|---|---|
| 3 | 1 | 0 | 0 |

### Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | 9 months | Implementation timescales are not expected to be impacted if implemented outside of a normal BSC Release. We would require at least nine months to implement following an Authority Decision. |
| ENGIE | 6 months | We could implement outside a BSC release as from our perspective there are no changes to data flows envisaged. |
| IMServ Europe Ltd. | 4 – 6 months | In the scenario where we had no other areas requiring development resource and P442 was the only item in the pipeline, this piece of work would take 4 - 6 months for us to develop and test technical and commercial solutions. *However, with MHHS being the current focus with regards to development there is no telling when this 4-month period would begin or that it would not be de-prioritised along the way. This, paired with the commercial unviability of P442, means that HHDCs may be disinclined to offer this service. |
| Stark | No | - |


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# Question 16: Do you agree with the Workgroup's initial view on the benefits of P442?

## Summary

| Yes | No | Neutral/No Comment | Other |
|---|---|---|---|
| 4 | 0 | 0 | 0 |

## Responses

| Respondent | Response | Rationale |
|---|---|---|
| Drax | Yes | We agree that the implementation of P442 would allow for Exempt Supply to be treated correctly in terms of EMR levies. |
| ENGIE | Yes | This change will benefit all parties and will promote renewable generation though facilitating local supply initiatives and ensuring the all benefits of exemption can be realised. |
| IMServ Europe Ltd. | Yes | - |
| Stark | Yes | Agree that the initial benefits will be the replacement of the current interim process with the P442 solution, which will provide some improved efficiencies to the applicable BSC processes & arrangements.<br><br>As the Proposer states, there are also the potential wider benefits P442 could provide e.g. encouragement to the smaller market participants to facilitate exempt supply arrangement to the benefit of ultimately more end consumers. |


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## Question 17: Do you have any further comments on P442?

### Summary

| Yes | No |
|---|---|
| 1 | 3 |

### Responses

| Respondent | Response |
|---|---|
| Drax | - |
| ENGIE | No comment. |
| IMServ Europe Ltd. | I notice that no method has been filled out in the redlining for BSCP502 with regards to how existing flows could be sent to the ESNA, is it expected that the ENSA would utilise the DTN for these flows?<br><br>There is also no mention of how the supplier would inform the HHDC of the ESNA's details, where it has been agreed we would send them metered data. Are these details expected to be understood at the point of the commercial agreement? The supplier currently sends a D0148 to include the details of the other roles involved, could the ESNA not be a candidate for inclusion within this flow? While it may present impact in terms of development for suppliers and DC's alike, it would mean that electronic records are automatically stored without manual maintenance. |
| Stark | - |


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