



Department  
of Energy &  
Climate Change

# Government response: EMR consultation on BSC subsidiary documents

June 2014



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The consultation can be found on DECC's website:

<https://www.gov.uk/government/consultations/emr-modifications-to-balancing-and-settlement-code-bsc-subsiadiary-documents>

Published by the Department of Energy and Climate Change

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# Introduction

## Consultation Overview

1. In April 2014, the Government ran a four week consultation<sup>1</sup> which sought views on consequential changes to Balancing and Settlement Code (BSC) subsidiary documents and other configurable items required as a result of the implementation of Electricity Market Reform. This consultation was in addition to a previous four week consultation run in January on consequential changes to industry codes and licences<sup>2</sup>.
2. The consultation period closed on 7 May 2014 and the Government received eight responses. We have considered the responses and this document lays out a summary of the decisions the Government has taken since the consultation.

## Powers to modify industry codes, agreements and licences

3. Under sections 26 and 37 of the Energy Act 2013<sup>3</sup> the Secretary of State has discretionary powers to modify licence conditions, documents maintained in accordance with licence conditions, and agreements that give effect to a document so maintained, for the purpose of giving effect to the EMR mechanisms.
4. The Secretary of State is using these powers to direct the changes to the BSC subsidiary documents and other configurable items maintained in accordance with the BSC.
5. The Government worked closely with its delivery partners Ofgem, National Grid and ELEXON, along with relevant code administrators, to assess which existing industry documents required consequential amendments.

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<sup>1</sup> <https://www.gov.uk/government/consultations/emr-modifications-to-balancing-and-settlement-code-bsc-subsidiary-documents>

<sup>2</sup> <https://www.gov.uk/government/consultations/emr-consultation-on-industry-code-and-licence-modifications>

<sup>3</sup> <http://www.legislation.gov.uk/ukpga/2013/32/contents/enacted>

## Components of EMR

6. EMR will create two key mechanisms – Contracts for Difference (CfDs) and the Capacity Market (CM). These mechanisms will ensure that low carbon and reliable electricity generation is an attractive investment opportunity. The CfD will provide long-term revenue stabilisation to incentivise cost-effective investment in low-carbon generation. The CM will provide a steady payment to reliable forms of capacity (both demand and supply) to ensure there is enough to meet demand, while minimising costs.
7. The Energy Act 2013 also provides for the introduction of a scheme to support independent renewable generators secure a route-to-market under the CFD. In February 2014 we consulted on the Offtaker of Last Resort (OLR)<sup>4</sup>. This will ensure that eligible renewable generators have access to a ‘Backstop’ Power Purchase Agreement on specified terms with a credit worthy offtaker. By ensuring a route-to-market for the generator’s power, the OLR has the potential to make lenders more comfortable accepting alternative routes-to-market for independent renewable generator projects, such as shorter-term contracting strategies. This should reduce the cost of investment in renewable electricity, boosting competition amongst both generators and offtakers, and lowering costs to consumers.
8. Ofgem is also taking measures to improve wholesale market liquidity<sup>5</sup> which will facilitate market entry by offering a reliable route to market, enabling increased competition.
9. We have also announced measures to aid the reduction of electricity demand and £20 million will be made available to pilot Electricity Demand Reduction<sup>6</sup>, which will begin shortly.
10. To maintain investor confidence as these reforms are taken forward – the Government has put in place arrangements to support the transition from the current Renewables Obligation to the Contracts for Difference, and to allow for early investment decisions to be made under the FID Enabling process<sup>7</sup>. These reforms are already starting to deliver investment in electricity infrastructure. The support provided through the FID Enabling for Renewables process, will provide private sector investment in renewable electricity generation of up to £12 billion by 2020.

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<sup>4</sup> <https://www.gov.uk/government/groups/electricity-market-reform-off-taker-of-last-resort-advisory-group>

<sup>5</sup> <https://www.ofgem.gov.uk/electricity/wholesale-market/liquidity>

<sup>6</sup> <https://www.gov.uk/government/policies/reducing-demand-for-energy-from-industry-businesses-and-the-public-sector--2>

<sup>7</sup> <https://www.gov.uk/government/publications/increasing-certainty-for-investors-in-renewable-electricity-final-investment-decision-enabling-for-renewables>

11. EMR is on track to be implemented in 2014. In April 2014 the Government published the *Contracts for Difference Implementation Plan*<sup>8</sup>, and in December last year the Government published the *Capacity Market Implementation Plan*<sup>9</sup>. These documents provide potential participants with details of the key implementation activities and milestones and their indicative dates. The first CfDs are expected to be allocated this year. It is also expected that the first Capacity Market capacity auction will be run in December 2014.
  
12. Finally, for further details on EMR see the document *Implementing Electricity Market Reform (EMR.)*

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/301464/cfd\\_implementation\\_plan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/301464/cfd_implementation_plan.pdf)

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/268629/Capacity\\_Market\\_Implementation\\_Plan\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268629/Capacity_Market_Implementation_Plan_FINAL.pdf)

# Consultation Responses

## BSCP11: Trading Disputes

| Consultation Question |  | 5 responses |
|-----------------------|--|-------------|
| 1                     | Do you agree with the proposed modifications to the BSC Procedure 11? If not, please explain why, and what alternatives would you suggest? |             |

### Summary of responses:

13. Of the five responses that were received to this question, three agreed with the approach laid out in the consultation. One respondent suggested a minor drafting change which was accepted. A further respondent noted that some disputes may have no impact on CfD or CM Settlement and suggested that only issues which might have an impact on CfD or CM Settlement should be notified to the CfD Counterparty and the CM Settlement Body. The respondent also noted that most disputes will have an impact on the Supplier Obligation side of EMR arrangements.

### Decisions taken since consultation:

14. The changes set out in the consultation will remain. In addition, we have included timings for the BSCCo to notify disputes to the CfD Counterparty and CM Settlement Body so that it is clear when the BSCCo will do this, and what will be sent. With regard to the dispute process, the BSCCo will have no visibility of what sites or Meter Point Administration Numbers (MPANs) are part of the EMR arrangements. For the BSCCo to handle this process would mean additional costs. It is the role of the CfD Counterparty and CM Settlement Body to enforce their metering policy, and they will check if any BSC disputes are associated with EMR sites. Additionally, it is correct that any changes to BSC metered volumes as a result of a dispute will flow through to EMR Settlement via the reconciliation runs.



## BSCP15: Balancing Mechanism (BM) Unit registration

| Consultation Question |   | 3 responses |
|-----------------------|---|-------------|
| 2                     | Do you agree with the proposed modifications to BSC Procedure 15? If not, please explain why and what alternatives would you suggest? |             |

### Summary of responses:

15. Of the three responses to this question, one agreed with the proposed change. One questioned the reduction in the timescale for notification of registration of additional BMUs from 30 days to 15 days and one respondent noted concerns over the naming conventions and the impact of Additional BM Units for EMR on SAA-I014 (a BSC settlement data flow). They also asked for clarification of the Additional BM Unit registration process for the new arrangements. Clarification was also asked for on the use of the terms CfD/CM and EMR Settlement Services Provider.

### Decisions taken since consultation:

16. The changes will remain as proposed in the consultation. The BSCCo will be allowed to register new Additional BM Unit on behalf of suppliers and Additional BM Units will need to follow a new naming convention.
17. There will be a new naming convention applied to the BMU Id, and BMU name filed (see proposed text in BSCP15 4.1), which states a naming convention must be adhered to. ELEXON recently consulted on this naming convention.
18. The use of the CfD/CM and EMR Settlement Services Provider are all new BSC defined Terms. EMR Settlement Services Provider means both the CfD and CM Settlement Services Providers. We have removed reference to the CM Settlement Services provider from BSCP15 sections 3.18 to 3.20 because Additional BM Units are no longer a CM metering option.
19. There is no intention to exclude 'inactive' Additional BM Units from the BSC Settlement data flows. Participants may wish to use this data for reporting and monitoring purposes.
20. This change to the registration timetable stems from the desire to make the Additional BM Unit registration process as fast and streamlined as possible. The change in timescales is proposed to be applied to EMR and non-EMR Additional BM Unit registrations to maintain consistency.

## BSCP27: Technical Assurance of Half Hourly Metering Systems for Settlement Purpose

| Consultation Question |  | 8 responses |
|-----------------------|--|-------------|
| 3                     | Do you agree with the proposed modifications to the BSC Procedure 27? If not, please explain why, and what alternatives would you suggest? |             |

### Summary of responses:

21. Half of the respondents to this question agreed with the approach. One respondent thought that the impact would be limited. Of the remaining three respondents, issues raised were similar to those in Question 1, that the BSCCo does not know which BSC non-compliances have an impact EMR.

### Decisions taken since consultation:

22. The changes set out in the consultation will remain. In addition, we have added timings for the BSCCo to notify non-compliances to the CfD Counterparty and CM Settlement Body so that it is clear when the BSCCo will do this, and what will be sent. The CfD Counterparty and the CM Settlement Body will be notified of metering non-compliances. The Government will, though, consider if and how the CfD Counterparty and the CM Settlement Body should notify ELEXON of any BSC metering non-compliances of which they become aware.

## BSCP503: Half Hourly Data Aggregation for SVA Metering Systems Registered In SMRS

| Consultation Question |   | 6 responses |
|-----------------------|---|-------------|
| 4                     | Do you agree with the proposed modifications to the BSC Procedure 503? If not, please explain why, and what alternatives would you suggest? |             |

### Summary of responses:

23. Of the six respondents to this question, two disagreed, two agreed and two did not express strong opinions, but raised technical concerns. Queries raised in response to this question mainly centred on the use of dummy flow identifiers, clarification on how the volumes are calculated, and the role of the CM Settlement Services Provider, including whether the CM Settlement Services Provider will administer the registration, testing, approval and status of DSR CMU's.

**Decisions taken since consultation:**

- 24. The Half Hourly Data Aggregator (HHDA) volumes will use boundary data adjusted for Line Loss Factors (LLFs) to allow for losses between the site and the Distribution Network Boundary (losses on the distribution network). If the D0036 was missing from the Half Hourly Data Collector (HHDC), the HHDA should use the estimation methods in BSCP503 Appendix 4.3, para 1(c), as it currently does.
- 25. The CM Settlement Services Provider will not be the primary entity to administer the registration, testing, approval and status of DSR CMU's. The Delivery Body will be heavily involved in this process too. The CM Settlement Services Provider will have some limited involvement in registrations, testing and approval.
- 26. In relation to paragraph 3.6.1, Processing Supplier Instructions for the CM, the timing has been amended from 'as required' to 'Within 1 WD of valid request from Capacity Provider'.
- 27. The Government will change the name of the data flows to remove reference to DSR because the flows will also be used by CM SVA registered generators. There are changes to sections 3.4.2, 3.6 and 4.4 of BSCP503 that insert placeholder references in square brackets in relation to flow number information. It is intended that the BSC administrator will replace the placeholders through its implementation process as is normal practice for BSC changes.
- 28. Aside from this clarification, the changes will remain as set out in the consultation and will reflect the Government's Capacity Market metering policy.

**BSCP508: Supplier Volume Allocation Agent**

| Consultation Question |   | 5 responses |
|-----------------------|---|-------------|
| <b>5</b>              | Do you agree with the proposed modifications to the BSC Procedure 508? If not, please explain why, and what alternatives would you suggest? |             |

**Summary of responses:**

- 29. Of the five responses, two agreed with the proposed approach. Of these, one respondent questioned the definition of 'Gross demand', and two suggested a minor drafting change which was accepted. Three of the five respondents raised questions about timings of new data flows and recipients of new data flows.

**Decisions taken since consultation:**

30. Paragraph 1.1.2 of BSCP508 defines how to calculate gross demand. The Government will look to review and define the term ‘Gross Demand’ more clearly. The Government does not currently plan to change the drafting on data flows to Suppliers as it would require further system and document changes, impacting the BSC and Suppliers’ Systems. The Government is confident that Suppliers should be able to reconcile the EMR data it receives from the EMR Settlement Services Provider using data it already receives from the BSC.

**BSCP509: Changes to Market Domain Data**

| Consultation Question |   | 6 responses |
|-----------------------|---|-------------|
| 6                     | Do you agree with the proposed modifications to the BSC Procedure 509? If not, please explain why, and what alternatives would you suggest? |             |

**Summary of responses:**

31. Four of the six respondents agreed with the proposed changes. One respondent suggested minor drafting changes and these have been accepted. The final respondent requested clarification on timings and the naming convention. In particular, the respondent noted that paragraph 3.6 on page 17 does not make a distinction between Additional BM Units for EMR and non-EMR Additional BM Units, and asked if it is the intention that both would be able to use the fast track process. They also suggested a more auditable reference to the naming convention would be preferable than referring to the website.

**Decisions taken since consultation:**

32. It is the intention that both Additional BM Units for EMR and non-EMR Additional BM Units would be able to use the fast-track system. The response to Question 2 lays out the rationale behind the Additional BM Unit registration timetable.

33. Introducing a new reference for the naming convention would not be consistent with how the other existing BM Unit naming conventions are defined

34. The policy will, therefore, remain as stated in the consultation document and reflect the CfD and CM metering policy. It allows BSCCo to register Additional BM Units in the Market Domain Database.

## Settlement Administration Agent (SAA) Service Description

| Consultation Question | 5 responses   |
|-----------------------|---|
| 7                     | Do you agree with the proposed modifications to the SAA Service Description? If not, please explain why, and what alternatives would you suggest? |

### Summary of responses:

35. Three of the five responses to this question agreed with the proposal. One respondent queried the lack of provision for the reporting of Energy Intensive Industries (EIIs). The final respondent requested clarification on the relationship between "BM Unit SVA Gross Demand" provided by the SVAA to the SAA and the "BM Unit Gross Demand" to be reported by SAA to the EMR Agent. They also asked if EMR agents receive all information they require on Balancing Actions and non-delivery, which cause measured volumes to be different to that which would otherwise occur, from the SAA-I014 data file. Further clarification was asked for on paragraph 4.1.6, including which Settlement Report is required. Additionally, one respondent noted that the SAA-I014 reports are referred to elsewhere and queried whether the EMR Agents will get the combined SAA-I014 flow, or the individual party flows.

### Decisions taken since consultation:

36. The calculation of BM Unit SVA Gross Demand is described in the SVAA URS. It does include both line losses and GSP Group Correction. The EMR Settlement Services Provider will receive data on balancing actions from the SAA-I014, and also new interfaces from the System Operator, as provided for in the Capacity Market Rules.
37. The Settlement Report referred to is the SAA-I014 sub flow 2 Settlement Report described in 4.1.3. The Government will provide amended wording with an appropriate cross-reference added.
38. The Government will also tighten up the wording where necessary to ensure clear definitions are provided for: 'BM Unit SVA Gross Demand' received by SAA from SVAA; 'BM Unit CVA Gross Demand' calculated by SAA; and 'TLM-Adjusted BM Unit Gross Demand' which is calculated by SAA and sent to the EMR Settlement Agent.
39. The Government will check sign conventions and propose tightened-up wording if necessary.
40. The Government consulted on its EIIs policy in July and August 2013 and is currently considering the responses. We will publish the response in due course.

41. Aside from the amendments above, the changes proposed in the consultation will remain. These support the provision of data to the CfD Settlement Services Provider and the CM Settlement Services Provider.

### Supplier Volume Allocation(SVA) Data Catalogue Volume 1 & Volume 2

| Consultation Question |  | 5 responses |
|-----------------------|--|-------------|
| 8                     | Do you agree with the proposed modifications to the SVA Data Catalogue Volume 1 and Volume 2? If not, please explain why, and what alternatives would you suggest? |             |

#### Summary of responses:

42. Three of the five respondents agreed with the approach proposed in the consultation. As with Question 7, one respondent queried the lack of provision for the reporting of ELLs volumes. A further respondent agreed with the approach for SVA Data Catalogue Volume 1, but queried the reported values for SVA Data Catalogue Volume 2.

#### Decisions taken since consultation:

43. See answer to Question 7 for the response the query about ELLs. The Government will check sign conventions and propose tightened-up wording if necessary. Otherwise, the changes will remain as laid out in the consultation.

### NETA Interface Definition and Design (IDD) Part 1

| Consultation Question |   | 4 responses |
|-----------------------|---|-------------|
| 9                     | Do you agree with the proposed modifications to the NETA Interface Definition and Design Part 1? If not, please explain why, and what alternatives would you suggest? |             |

#### Summary of responses:

44. Two of the four responses to this question agreed with the approach laid out in the consultation. One respondent thought it would be beneficial to stipulate the inclusion of active Additional BM Units only in SAA-I014. Clarification was sought on whether the

EMR Settlement Services Provider covers both the CfD and CM Settlement Agents in connection with SAA-I014 reporting.

**Decisions taken since consultation:**

45. EMR Settlement Services Provider is intended to cover both terms (CfD and CM Settlement Agents) in connection with SAA-I014 reporting. ELEXON is looking into proposing some clarification in the document of how non-active Additional BM Units are reported to address this comment.

**NETA Interface Definition and Design (IDD) Part 2**

| Consultation Question |   | 5 responses |
|-----------------------|---|-------------|
| 10                    | Do you agree with the proposed modifications to the NETA Interface Definition and Design Part 2? If not, please explain why, and what alternatives would you suggest? |             |

**Summary of responses:**

46. Two of the five responses to this question agreed with the proposed approach in the consultation. As with previous questions, one respondent questioned the lack of provision for the reporting of EII volumes. Also, as in the response to Question 9, one respondent thought it would be beneficial to stipulate the inclusion of active Additional BM Units only in SAA-I014. One of the respondents raised concerns over the potential costs of using XML Schema. This respondent also sought clarification on the frequency that data would be transferred from the SVAA. The respondent also asked whether Trading Unit and Transmission Loss Multiplier associated with the BM Unit would be required for EMR settlement. It was noted that for audit, query and dispute purposes, it would be desirable to include information on the GSP Group (where applicable) and the SAA run number.

**Decisions taken since consultation:**

47. The cost of developing the software changes for EMR (including any cost to create an XML schema) is being funded by DECC, not BSC Parties. There is currently no proposal to extend the use of XML to these interfaces and any such proposal would be assessed under normal BSC change processes.
48. Reports will be produced in accordance with the SVAA calendar, as with all other SVAA output files. Data is provided by SVAA at GSP level and adjusted to notional balancing point by SAA.

49. As noted above, we are looking into proposing some clarification in the document of how non-active Additional BM Units are reported to address this comment. Some participants may want visibility of the inactive Additional BM Units in the SAA-I014.
50. We are confident that both SVAA and SAA keep appropriate records of what data has been processed to produce EMR data and that this will be available for audit, query and dispute purposes.

### Supplier Volume Allocation Agent (SVAA) and Settlement Administration Agent (SAA) User Requirements Specifications (URS)

| Consultation Question |   | 5 responses |
|-----------------------|---|-------------|
| 11                    | Do you agree with the proposed modifications to the Supplier Volume Allocation Agent User Requirements Specifications (URS)? If not, please explain why, and what alternatives would you suggest? |             |

#### Summary of responses:

51. Three of the five respondents to this question agreed with the approach. The remaining two respondents provided detailed and technical comments, particularly on sections 4.3.1.4 and 6.2.8.
52. One respondent asked for clarification on "corrected Active Import half hourly consumption and line loss values for each BM Unit" and the "Consumption Component Classes" (CCC).

#### Decisions taken since consultation:

53. Taking on board the comments in response to this question, the Government will improve the drafting of this section to bring it in-line with the BSC style. We will also clarify exactly which CCCs are included.
54. The rest of the changes laid out in the consultation will remain. The modifications support the provision of data to the CfD Settlement Services Provider and the CM Settlement Services Provider.



## Annex A: List of Respondents

EDF

EON

IMServ/Schneider Electric/Invensys

National Grid Electricity Transmission

RWE NPower

Scottish Power

SSE

TMA Data Management

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