Change Proposal – BSCP40/02	CP No: 1312
	Version No: v1.0 *(mandatory by BSCCo)*

Title *(mandatory by originator)*

Use of Gross Volume Correction in Post Final Settlement Runs

Description of Problem/Issue *(mandatory by originator)*

We have raised this CP from DCP0043.

What is Gross Volume Correction?

Gross Volume Correction (GVC) is a technique used to correct errors relating to Meter Advance Periods during which some Settlement Dates have already been subject to a last Reconciliation Run (whether a Final Reconciliation or Post Final Settlement Run) – i.e. where part of the error has 'crystallised' in Settlement.

GVC applies the principle that the total gross volume of energy for a given Metering System should be correct. Where energy has been misallocated to a range of Settlement Dates within a Meter Advance Period which have passed through the last Reconciliation Run, GVC can be applied to reallocate the lost or gained energy volume to a range of Settlement Dates which have not yet been subject to a last Reconciliation Run – termed the 'fluid' period.

This process ensures that the total gross volume of energy is correct, although allocated to the wrong Settlement Dates/Settlement Periods.

BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS' describes how GVC is used.

What issues with GVC does this CP identify?

One of the features of GVC is an 'Error Freezing Reading'. Section 4.14.2 of BSCP504 describes this as:

"a reading deemed at in [sic] the current RF window to prevent error that has crystallised being amended. It is calculated using the last valid, erroneous or compensatory Meter reading(s) obtained before and / or after RF and the associated erroneous EAC / AA that was in place at RF."

(RF = Final Reconciliation   EAC = Estimated Annual Consumption   AA = Annualised Advance)

BSCP504 only covers the application of this technique outside the Trading Disputes process (i.e. the situation where deemed 'Error Freezing Readings' are used for Settlement Dates that are just about to be subject to an RF Run).

Previously, we have issued guidance to the effect that an 'Error Freezing Reading' may be deemed in the current Post Final Settlement Run (PFSR) window in the event that the relevant Metering System is subject to a Trading Dispute and a PFSR has been scheduled for the relevant GSP Group. However, the Trading Disputes Committee (TDC) has recently agreed that its preference is for 'Error Freezing Readings' to be deemed at the RF boundary in all circumstances, and not to allow these readings to be deemed at a PFSR.

Proposed Solution *(mandatory by originator)*

This CP proposes to amend Section 4.14 of BSCP504 to deliver the TDC's preferred solution that:

- Any 'Error Freezing Reading' should be deemed at (or close to) the date of the latest RF Run under all circumstances – i.e. regardless of whether the relevant Metering System/GSP Group is expected to be subject to a PFSR for the period in question; and
- An 'Error Freezing Reading' may therefore not be deemed at a PFSR in any circumstances.

Justification for Change *(mandatory by originator)*

Reasons for always deeming an 'Error Freezing Reading' at the RF boundary are as follows:

- The fundamental purpose of a PFSR is to correct data that was invalid at the RF Run by withdrawing it. By applying GVC ahead of a PFSR, new consumption values are being created which have not previously been subject to an RF Run.
- When a potentially very large correction is applied at such a late stage in the Settlement process, there is the very real risk that it may itself crystallise at the PFSR while still undergoing a challenge from the Supplier.
- There is also a potential risk that, where GVC is applied at the PFSR to ensure that the gross volume settled for the Metering System is correct, the TDC may not authorise the PFSR such that the gross energy volume settled is not correct.[1]
- Applying GVC at the PFSR boundary effectively compensates for error in a period outside the Dispute window, effectively removing the need for the Dispute. With partially-crystallised instances it will become unclear whether the best action is to correct (i.e. withdraw) the erroneous value or compensate for it using GVC.
- As RF Runs and PFSRs are run every day, GVC has to be applied against not one, but two 'moving targets'. From a practical perspective, it is easier and less prone to error to always apply GVC at the RF boundary. It also allows Non Half Hourly Data Collectors (NHHDCs) to operate a single, consistent process. Most agents are already performing RF Deeming as a standard BSC process with some degree of automation, so an additional manual deeming process at the PFSR Boundary adds complexity.
- GVC allows (rightly or wrongly) errors to be compensated for without the need for a PFSR. It is somewhat contradictory to encourage the use of GVC within the context of a PFSR, as to the two offer alternative mechanisms for addressing error.

There are some potential benefits of allowing an 'Error Freezing Reading' to be deemed at the PFSR boundary as follows:

- Consistency with the principle of GVC in allowing partially-crystallised errors to be compensated for in periods which have not yet been subject to a final run, whether an RF Run or a PFSR.
- Maximising the volume of error which can be corrected in a PFSR (by allowing EAC/AA values which are effective before the PFSR date to be partially corrected).
- Applying the compensatory effects of GVC over a longer period, and a probably broader range of system prices – thus avoiding the risk of energy being traded at prices which are very different to those which were effective when the energy was actually taken.

However, this CP argues that these are outweighed by the arguments in favour of always deeming at RF.

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[1] If there is a lot of error in a GSP Group at RF the TDC will provisionally authorise a PFSR. Nearer the time it will look at the likely error levels at the PFSR. If it appears as if insufficient error has been cleared or that new error has been introduced, it may not authorise the PFSR. Occasionally error levels at PFSR can be higher than at RF.

To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code? *(mandatory by originator)*

BSC Section W4.1.1 describes the use of PFSRs to correct errors in RF Runs. As there is a gap of approximately 14 months between the RF and PFSR, it should be possible to withdraw any erroneous advances at RF without the need to apply GVC in the PFSR window. Applying GVC in the PFSR window introduces new consumption values at the PFSR which were not present in the RF Run.

Estimated Implementation Costs *(mandatory by BSCCo)*

Our implementation costs are 2.5 man days of effort (equating to £550) to implement the necessary documentation changes.

There will be some effort savings for us if this CP is implemented alongside related CPs 1311 and 1312 (as all 3 CPs impact the same documents).

Configurable Items Affected by Proposed Solution(s) *(mandatory by originator)*

This CP will impact BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS'. Our proposed redlined changes to this document are provided as Attachment A to this CP.

If the SVG approves the CP, we will also update our GVC Guidance Note to reflect that an 'Error Freezing Reading' may not be deemed at a PFSR.

Impact on Core Industry Documents or System Operator-Transmission Owner Code *(mandatory by originator)*

None.

Related Changes and/or Projects *(mandatory by BSCCo)*

We have raised this CP from DCP0043. The DCP arose from the discussions of the GVC Working Group, which was established by the Supplier Volume Allocation Group.

The Working Group agreed that, to ensure a consistent approach, the process for deeming 'Error Freezing Readings' where the Metering System/GSP Group is subject to a Trading Dispute should be included in the GVC section of BSCP504. However, there was not a uniform preference among the Group as to whether these readings should be deemed at the latest RF date or the latest PFSR date in the event of a Dispute. Further details of the Group's discussions can be found in paper SVG99/04.

DCP0043 therefore put forward 3 options for industry consideration. These options included adopting the TDC's preferred solution as presented in this CP (i.e. always deem at RF), formalising our previous guidance (always deem at the PFSR if this option is available, otherwise at RF), or allowing Suppliers/agents to choose whether to deem at RF or the PFSR when both choices are available.

All but one respondent to the DCP impact assessment supported the overall intention of the change. There was also significant majority support for the TDC's preferred approach as presented here (see responses to CPC00662). We have therefore raised this CP to progress a change in line with the majority preference.

We have also raised 2 other CPs for changes which were discussed by the GVC Working Group:

- CP1310 'Clarifications to Gross Volume Correction Process' (raised from DCP0041); and
- CP1311 'Replacing Erroneous Forward Looking EACs' (raised from DCP0042).

Subject to the SVG's approval, we propose that all 3 CPs are progressed and implemented in parallel.

Requested Implementation Date *(mandatory by originator)*
February 2010 Release.
Reason:
Next available release
Version History *(mandatory by BSCCo)*
We issued Version 1.0 of this CP on 4 September 2009 for industry impact assessment.
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Attachment A – BSCP504 redlined v0.4 (6 pages)