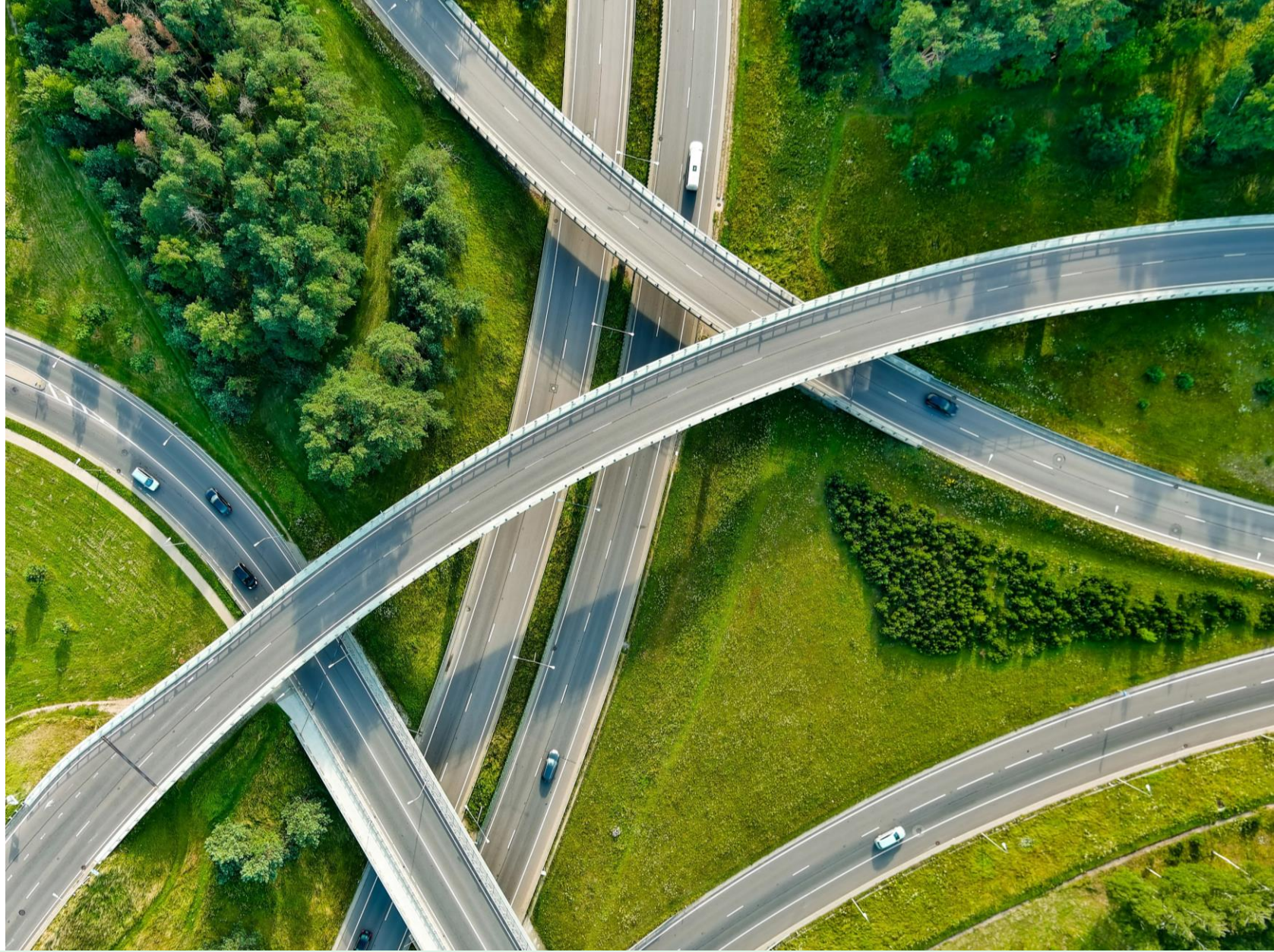


BSC Modification P441

Creation of Complex Site Classes

Update for DCP434 Workgroup



P441 History

- P441 was raised on 7 July 2022 by Green Energy
- In May 2023 it was confirmed that parallel REC and DCUSA changes would be needed
- In September 2023 the three codes were ready to release parallel consultations, but Ofgem advised that they would require further analysis on the current P441 solution to help them make a decision
- The concern was around the potential network charging impacts of P441, particularly in respect to Class 5 Complex Sites and the fact that any reduction in network charges for these sites would inadvertently cause an increase in charges for non-participants
- There was significant discussion between Ofgem, the P441 Proposer, NESO, and Elexon in an attempt to determine what analysis was required and what would be achievable
- In October 2024 the P441 Workgroup met to discuss the potential next steps for the Modification, with a consensus being reached on solution updates and the direction for the analysis
- Elexon then began to undertake the analysis as agreed, providing updates to the Workgroup

Context to the Cost Benefit Analysis (CBA)

- The P441 Workgroup nearly finished developing the P441 solution eighteen months ago, but progress then ground to a halt, primarily due to controversy around the BSUoS benefit
- This type of Complex Site is already in use (probably on a limited scale), and energy traded within the Complex Site is not allocated to a Supplier BM Unit within Settlement, and hence not treated as Final Demand for purposes of BSUoS charging
- Differing views have been expressed on whether this is appropriate and/or consistent with the CUSC requirement that NESO charges BSUoS on “**Gross Final Demand BM Unit Volume**”
- The P441 Proposed Solution proposes to address this by:
 - Clarifying (in the BSC legal text) that this type of Complex Site is permitted; and
 - Introducing BSC requirements for parties to collect and provide data about the number and usage of these Complex Sites, in order to support a post-implementation review of whether volumes traded within Complex Sites should be reported to NESO

P441 Solution Updates

- In response to concerns over the potential misuse of the Complex Site Classes, the Workgroup agreed on some eligibility restrictions, with Class 5 Complex Sites to be restricted to:
 - Generation assets with net zero benefits i.e. renewable and good Combined Heat and Power (CHP)
 - Schemes that have self-declared that they encourage local balancing
 - Schemes where both volumes are identified to customers individually
- The Workgroup also agreed that a post-implementation cost benefit analysis exercise should be carried out, and mandated within the P441 legal text, with the legal text:
 - Limiting the CBA to the justification of the charging benefit for Class 5 Complex Sites,
 - Defining triggers for the assessment (volume and time) to ensure sufficient data is collected
 - Placing a responsibility on Suppliers to ensure relevant data for their Class 5 Complex Sites is collected, retained and made available to BSCCo
 - A requirement on the BSC Panel to consult Parties on the draft report and recommended next steps