

P272 IMPLEMENTATION UPDATE

1. Background

- 1.1 P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' was raised on 20 May 2011. This Modification proposed mandatory Half Hourly (HH) Settlement for Profile Classes (PCs) 5-8 from 1 April 2014. An alternative Modification, which was identical to the original but with an Implementation Date of 1 April 2015, was subsequently developed by the P272 Workgroup. On the 29 October 2014, the Authority approved the alternative Modification with an Implementation Date of 1 April 2016.
- 1.2 ELEXON presented a paper to the PAB in its October 2014 meeting, outlining potential impacts on Settlement from P272 implementation. In the paper, ELEXON agreed to request Supplier plans for the migration of the Metering Systems and to monitor this implementation. ELEXON has been updating PAB regularly on developments coming from P272/P300, through the Technique Progress Report (TPR).
- 1.3 At the January 2015 meeting, PAB and ELEXON agreed to have a regular P272/P300 paper brought to the PAB to capture the issues being raised by the industry and the work ELEXON is undertaking to address them.

2. What work has ELEXON done so far?

2.1 Supplier Plans

- 2.1.1 ELEXON prepared the plan templates. In October 2014, the PAB decided to extend the request for plans to Distributors and BSC Party Agents, and therefore bespoke templates were created for each role. The templates were issued for consultation in November 2014 and requests for actual plans were sent to all Suppliers, Data Collectors, Meter Operators and Licensed Distribution System Operators in January 2015 via the Newscasts and through Operational Support Managers (OSMs). ELEXON requested receipt of the plans by the deadline agreed with PAB of 27 February 2015. A number of parties have contacted ELEXON to explain that they will submit an initial plan, but provide an updated plan later in 2015 once further analysis has been carried out.

2.2 Website

- 2.2.1 As part of industry communication, ELEXON created a webpage on the ELEXON website, dedicated specifically to P272 (and the associated P300, DCP179 and Issue 59¹). Due to the importance of the issue and P272 being among the most searched items on the website, the new page has a direct link on the Change tab of the ELEXON home page.

2.3 Frequently Asked Questions

- 2.3.1 Following the decision from the Authority, ELEXON began receiving a number of queries relating to P272 and P300. To deal with them more efficiently, a Frequently Asked Questions (FAQ) document was created. This document is available on the P272 webpage and is updated monthly to reflect any additional queries received from the industry, information received from Ofgem or progress of any on-going discussions.

3. Queries received on P272/P300

3.1 Metering Queries

- 3.1.1 The queries relating to Metering presented to the PAB in its January 2015 meeting as part of the TPR. For completeness of this paper, the queries presented have been summarised in this section.

¹ Issue 59 'Consideration of the PARMs and Supplier Charge changes introduced by P272 and P300'

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- 3.1.2 **A Meter Operator has contacted ELEXON** to notify us that they **do not carry out Commissioning** for their Whole Current (WC) Meters. This is an issue for existing NHH Metering Systems and would impact those WC Meters in PCs 5 to 8 which will move to being Half Hourly Settled as part of this Modification. The current issue is that large volumes of meters have not been commissioned in accordance with Code of Practice (CoP) 4 and will remain so once migrated to HH. The Meter Operator indicated to ELEXON that this practice is not limited to them and may be common across the industry. ELEXON has tried to look into the issue but it is difficult to assess the severity of it until the Meters are transferred to Half Hourly Settlement and new Half Hourly Meter Operators receive the Commissioning certificates from the previous Non Half Hourly Meter Operators.
- 3.1.3 **A Meter Operator raised concerns** that there may be potential for Half Hourly Data Collectors (HHDCs) to pick up Meters as a result of P272 which do not have **approved protocols** in place. ELEXON has investigated this based on the number of approved CoP10 Meters and the list of Qualified HHDCs. Given that HHDCs may not be aware of the Meter types that are to be migrated to them, ELEXON will be advising all HHDCs to consider what approvals may be necessary for the roll out of P272. ELEXON has issued an article in Newscast on 16 February 2015 notifying the industry of the potential issue.
- 3.1.4 **A small Supplier has also contacted ELEXON** regarding the requirements for **proving tests** following a Change of Measurement Class (CoMC) to Half Hourly (HH) Settlement. The Supplier is concerned that with the number of Meters in PCs 5-8 that will be migrating, the timescales to complete proving tests would be unfeasible, leaving Suppliers non-compliant with the BSC requirements. In January 2015, the PAB discussed this issue and noted that the Supplier Volume Allocation Group (SVG) may have overlooked the implications when approving this requirement as part of CP1411. ELEXON has followed up on this and noted that the SVG did consider the impact of proving tests on the industry and therefore there is no possibility to revisit the implementation date of CP1411. However, the Panel has consulted on delaying the implementation date for P272 after concerns were raised at the February meeting. The closing date for responses is 3rd March 2015. See section 3.6.
- 3.1.5 ELEXON's metering experts believe that proving test requirements should not pose a big risk as they can be performed remotely. However, **Meter reconfiguration from NHH to HH might prove challenging** if there are issues with communications line to the Meter. While the process is relatively straightforward and should take between 3 to 10 minutes, AMR Meters may have issues with communications lines, which would require a site visit to address. However, it is not possible to assess the probability of this happening. To mitigate the potential risk, ELEXON, via its OSM function, will suggest that Suppliers have conversations with their Meter Operators on how comfortable they are with their abilities to meet any additional demands caused by Meter reconfigurations. ELEXON has already contacted Meter Operators and Data Collectors to note of this potential issue.

3.2 TNUoS charges

- 3.2.1 **National Grid has informed** us that the Transmission Network Use of System (TNUoS) charges could potentially influence Suppliers' decision on when to schedule Meter transitions from NHH to HH for the implementation of P272. National Grid stated that Customers with Profile Class 5-8 Meters that move to HH Settlement within the charging year 2015/16 will pick up both NHH charges and HH charges for the same financial year. The result being Suppliers will have a larger TNUoS liability than if the meter had been either NHH or HH settled for the full year. For example if a meter transitioned at the end of October the Supplier will be liable for 7 months of NHH charges and a whole year's worth of HH charges as HH charges is based on average demand on the peaks over the winter period. Conversely moving in March 2016 will avoid NHH charges in March and avoid all HH charges as there are no triads in March. However the same restrictions which prevent all meters moving across at once at the year end will prevent all meters moving across in March 2016. We therefore expect Suppliers TNUoS liabilities to be greater rather than less than what was

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forecasted when setting TNUoS tariffs. ELEXON met with National Grid to discuss options to avoid Suppliers incurring both HH and NHH charges for their customers.

- 3.2.2 National Grid (NG) proposes for the purposes of TNUoS charging to treat all meters which move to Measurement Classes E, F and G after the 1st April 2015 as being NHH settled. This will reduce chargeable peak demand for HH Balancing Mechanism Units (BMUs) for HH Meters in Measurement Classes E, F and G. To increase chargeable energy in NHH BMUs by the volume of HH Meter demand in Measurement Classes (MCs) E, F and G over the year.
- 3.2.3 Each month during 2015/16, aside from the usual forecasts of their average triad demand for HH BMUs, Suppliers will also provide a forecast for HH demand (as percentage of energy) at triad (for MCs E, F and G) and energy volume between 4pm and 7pm in HH BMUs (MCs E, F and G).
- 3.2.4 By the end of March 2016, NG will advise ELEXON of the three actual Settlement half hours (usually settlement period 35 or 36), which are classed as Triads (the three highest Peak demands separated by 10 clear days) for winter 2015/16. ELEXON will provide the actual Metered data for each Supplier HH BMU in Measurement Classes E, F and G. This is necessary so as to deduct this demand from a Suppliers HH BMU to avoid double charging. National Grid will carry out a reconciliation (Initial Demand Reconciliation) in July 2016 which compares actual demand to forecast demand provided by Suppliers on which Suppliers are billed TNUoS monthly throughout the financial year. 'Actual' NHH demand will be created from an amalgamation of the P210 file and Demand for Measurement Classes E, F and G between the hours of 4-7pm over the year. In August 2017 (the relevant RF run), National Grid will carry out the Final 2015/16 demand reconciliation. The same process is carried out as with the Initial Demand Reconciliation but any differences between reconciliations occur due to changing data between settlement runs.
- 3.2.5 National Grid has already raised a Connection of Use of System Code (CUSC) modification to enable this solution (CMP241). This modification has been granted Urgent status by Ofgem which will potentially allow the proposal to be implemented before the 1st April 2015. The first workgroup meeting was held on the 2nd March with the second meeting to be held on the 10th March with the workgroup voting on whether the Modification meets and better CUSC objectives at this meeting.
- 3.2.6 Although the Modification is due to be implemented on the 1st April 2015, the extra work and data which Elexon will have to undertake and provide to make this modification work does not need to be completed until actual metering data is required (i.e. near the end of the financial year 2015/16). National Grid will submit a formal data request to ELEXON. To provide National Grid with the three half hour periods of data for the Triads ELEXON will need to request extra data from our Service Providers. Once the formal request has been received ELEXON will obtain a quote from them for this work. This is a temporary work around for the financial year 2015/16. Once meters have transitioned to Measurement Classes E, F and G then there will be no need for the bespoke data as a meter will either be NHH settled or HH settled for the full financial year

3.3 Data estimation

- 3.3.1 At the January 2015 PAB meeting, ELEXON noted a **concern raised by a BSC Supplier Agent** that, on the first day following a migration from NHH to HH, a Meter may not be settled on actual reads and **estimates would be used**. This could possibly impact Supplier performance and Supplier Charges. At the time, ELEXON had not quantified the implication of this and agreed to come back to February PAB with a sensitivity analysis.
- 3.3.2 The analysis looked into a one sample day, 11 January 2015, at SF Run to create a best and worst case scenario. The analysis, fully outlined in Appendix 1, shows that in the worst-case scenario, performance drops to 85.36%, with associated uncapped Supplier Charges of £9,049.92. The Best case scenario sees performance at 98.49%, with associated uncapped Supplier Charges of £295.72. There are some notable

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limitations to these estimations and a number of assumptions used in calculating these figures. These are also detailed in Appendix 1.

3.4 Proposed Modification

3.4.1 Following the discussions in *Issue 59*, the Group has decided that a **Modification should be raised** to introduce a stand-alone Committee report instead of reporting through the Performance Assurance Reporting and Monitoring System (PARMS). This would report the number of Metering Systems in Profile Classes 5-8 that are still settled Non-Half Hourly after the P272 implementation date. At the time of writing this paper, this change has not been formally raised.

3.5 Suppliers not able to obtain details of new customer's Measurement Class on ECOES

3.5.1 A **Supplier has raised concerns about gaining new customers** following the CoMC process. Currently, Suppliers cannot obtain the Measurement Class information from ECOES when they gain a new customer. Another Supplier has raised this issue with the Master Registration Agreement Administrator. ELEXON will report our findings back to PAB.

3.6 Panel Letter

3.6.1 **Npower has issued an open letter to the BSC Panel** highlighting the concerns with meeting the P272 implementation date of 1 April 2016. Npower is proposing for the Panel to consider delaying the implementation by 12-18 months. The letter was presented to the Panel at its February meeting.

3.6.2 The reasons behind this proposal, outlined in the letter, are primarily related with the number of changes, namely the SMART rollout, Project Nexus and EMR, which the industry has to implement simultaneously with P272. The changes might compromise the delivery of P272 by putting a strain on resources.

3.6.3 In addition, Npower note that P272 implementation date might disrupt some customers' contracts prior to their renewals. Delaying it would enable the Suppliers to incorporate P272 changes in the contract renewals, thus not affecting competition in the market.

3.6.4 The Panel noted the concerns and asked ELEXON to issue a consultation to the industry requesting their views on postponing an implementation deadline. The consultation responses will be presented in the next Panel meeting in March, where the decision on whether to make a recommendation to the Authority will be made. However, ELEXON will continue with its work on P272 implementation and is advising the Market Participants to continue submitting their transition plans.

Appendices

Appendix 1 – Analysis on impact on Supplier performance and Supplier Charges

Attachments

None

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Appendix 1 – Analysis on impact on Supplier performance and Supplier Charges

In order to determine potential impacts on Supplier performance and Supplier Charges, ELEXON conducted further analysis by using one day consumption data to predict worst and best case scenarios. All energy volumes quoted below are in MWh.

The date used is 11 January 2015. The total HH energy, at SF for the day was 287,343.71. For the same Settlement Date, the overall Industry-level performance was 98.589% (4,054.28 Settled on Estimates).

The latest NHH profile class-level data (at SF) available is for 11 Jan 2015. The total energy within this data set for PC5-8 is 16,247,575.28 – but this is an annualised total. Therefore, it was divided equally amongst 365 days to give a total of 44,513.90 for a single day.

To create the worst-case scenario, we assumed that the entire range of PC5-8 meters would be migrated on the same day, meaning all that energy would be entered into Settlement as estimates for a single day. When this is combined with the existing HH energy and performance levels, the outcome is that performance could drop as low as 85.36% (for a single day).

To quantify this in monetary terms, we used the Supplier Charges calculations and current SP08b SF Supplier Charge of £0.20 per MWh. This does not take into account any caps, differences in individual Supplier/GSP Group level performance, and so should be treated as very approximate.

Using the current data, 1,180.84MWh below the 99% standard was being settled on estimated values. Multiplying this by £0.20 gives a total Supplier Charge of £236.

By combining the PC5-8 data, and again assume the entire set of PC5-8Meters transfers on the same day and thus all as estimates, a Supplier Charge would be £9,049.92.

It is practically impossible to work out definitive impacts using the changing GSP Group Takes, Supplier allocations/shares, and the individual Supplier Charge caps. This also does not account for any increase in the base Supplier Charge values which will come into effect later in 2015 (in line with the annual Supplier Charge review to account for RPI increases).

For the best-case scenario, we used the period from P300 implementation (5 November 2015) to P272 implementation (1 April 2016) and the assumption that all the Meters will be transferred during that time, in an even spread. There are 172,807 PC5-8 Meters using the latest NHH profile class-level data, and that time frame is 148 days, which works out to an approximate average of 117 meters per day. We have also assumed that all PC5-8 Meters are identical and have an equal share of the total PC5-8 energy. This works out to 300.77MWh per day. Working that value through the same calculations as above, it gives performance for a single day of 98.49%, and a Supplier Charge of £295.72. Again, the same limitations to the Supplier Charge values as quoted above apply.