



Terms of Reference

Profile and Settlement Review Group (PSRG)

Stage 3

1. Purpose of the Profiling and Settlement Review Stage 3

- 1.1 The PSRG was set up by the Supplier Volume Allocation Group (SVG) to review how profiling and Settlement processes could be modified to account for the developments in the use of advanced and smart Meters in the Non Half Hourly (NHH) market in the short term (0-5 years) and medium term (5-10 years). The PSRG has considered matters relating to the profiling and Settlement processes, mandatory Half Hourly (HH) Settlement for Profile Classes (PCs) 5-8 and PCs 1-4. A number of changes have been put in place as a result of this work, e.g. shorter profiling production process, application of GSP Group Correction to Half Hourly (HH) quantities, Modification P272 and addressing barriers in HH DUoS charges.
- 1.2 This next stage (Stage 3) is to focus on the impact of smart and advanced metering and:
1. Identify improvements to the existing profiling and Settlement processes, so as to maintain Settlement accuracy in a smart metered world with increasing amounts of micro-generation. This work is investigating short/medium term improvements to the profile construction process. This work is being conducted through the Profiling Expert Group (PEG, an advisory group to the SVG);
 2. Reducing settlement timescales: Starting in February 2014, this 12 month project will investigate reductions in the Settlement processes to allocate energy in a more timely and accurate manner. The approach includes identification of the potential options for reducing Settlement timescales, two consultations with the industry, impact assessment and a cost-benefit analysis. The PSRG will make recommendations to the SVG, who will in turn make recommendations to the BSC Panel; and
 3. Dynamic switching for smart Meters: Starting in February 2014, this eight month project will identify options for process and system changes to ensure accurate Settlement of any loads (and/or time of use registers) that are dynamically switched by means of smart or advanced Meters. The project will include the identification of options, a consultation and a report to the SVG.
- 1.3 This will include high level solutions which could then be progressed as BSC Modifications, Change Proposals or thought pieces that feed into the DECC Smart Implementation Programme (SMIP) or Ofgem Smarter Markets work as appropriate. There will also be close interaction with Ofgem's Smarter Markets team and their work areas, in particular Settlement Reform.

2. Membership

- 2.1 The PSRG Sponsor will be appointed by the BSC Panel. The Chairman will be appointed by BSCCo.
- 2.2 There shall be a Secretary to the PSRG who shall be appointed by BSCCo.



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- 2.3 The PSRG will be constituted as an expert group reporting to the SVG and not a representative committee. Additionally the PSRG Sponsor/Chairman will make regular reports to the BSC Panel for information.
- 2.4 Members will be by invitation only and will be appointed by the Chairman in consultation with the PSRG sponsor. Members will be drawn from individuals with profiling and Settlement experience and may include members of the PEG, PAB and SVG. DECC, Ofgem and Consumer representatives will be invited to attend. The Chairman may also appoint other experts to the PSRG as required by the business being conducted (or as requested by the SVG).
- 2.5 In addition to the above members/attendees, meetings of the Committee shall be open except where the Chairman considers that a matter should be considered in closed session (having regard to the principles set out in BSC Section B3.3 or on the grounds of commercial sensitivity in relation to any person or Party). Any other person attending an open session meeting by reason of this paragraph shall not be able to address the meeting unless requested or allowed to do so by the Chairman.
- 2.6 Each PSRG member shall act independently and impartially, and shall not be representative of (and shall act without undue regard to) the particular interests of any particular body, person or class of persons.
- 2.7 It shall be each PSRG member's responsibility to disclose to the Chairman from time to time any interests which could constitute an actual or perceived conflict of interest with their functions as a member. In such circumstances, the member may (at the Chairman's request or otherwise) absent themselves from participating in the making of a recommendation on those particular matters.
- 2.8 Members may occasionally consider confidential information in the course of PSRG business. For the avoidance of doubt, each member shall not disclose any confidential information received in their capacity as member to any person except where:
- i) expressly required under the Code, Code Subsidiary Documents and/or these Terms of Reference;
 - ii) the disclosure of data is to the Authority, the Panel and/or any other Panel Committee as may be directed by the Panel;
 - iii) the data is in the public domain; or
 - iv) required to do so in order to comply with any dispute resolution process, Legal Requirement and/or any Approved Modification.
- 2.9 Members of the PRSG shall be entitled to be reimbursed by BSCCo for the reasonable costs and expenses (including travel and accommodation costs) properly incurred by such member in attending meetings of or otherwise in the conduct of the business of the PRSG.



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3. Timetable of Work/Frequency of Meetings

- 3.1 The Chairman will be responsible for arranging meetings and distributing an agenda and paperwork at least 5 Working Days prior to the proposed meeting (or such other period so determined by the PSRG Chairman before the meeting). The Chairman may cancel a scheduled meeting at no less than 5 Working Days' notice if, in their opinion, there is insufficient business.
- 3.2 Meetings may be held by teleconference where the Chairman considers necessary/appropriate.
- 3.3 Members shall have the opportunity to add items to the agenda with the Chairman's agreement, by notifying the Secretary at least 5 Working Days prior to the meeting.
- 3.4 The Secretary shall ensure that details of PSRG meetings (including all non-confidential paperwork) are published on the BSC Website.
- 3.5 Recommendations will be made to the SVG at the appropriate meetings during the course of 2014 and into early 2015.

4. Decision Making

- 4.1 The PSRG will make recommendations to the SVG, who will in turn make recommendations to the BSC Panel. The PSRG itself shall be an expert advisory group and shall have no decision-making powers, functions or responsibilities.
- 4.2 Wherever possible, recommendations will be based on a consensus view of the PSRG members present. However, where a different minority view exists, this shall also be reported.
- 4.3 The PSRG may not further delegate any of its work, or create any further subgroups, without the SVG's agreement.

5. Reporting/Deliverables

- 5.1 The Secretary shall ensure that, as soon as is reasonably practicable after each meeting, all discussions are minuted and such minutes are distributed to members within 5 Working Days after each meeting of the Committee. Such persons entitled to receive the minutes may provide any such comments on the minutes so that they can be approved by all persons at the next convened meeting.
- 5.2 The Secretary shall also prepare a headline report detailing the key headlines and recommendations from each meeting. Such headline report shall be distributed to members and published on the BSC Website within 1 Working Day of the meeting. The Secretary may, with the Chairman's agreement, also include on the BSC Website copies of any non-confidential presentation materials used at the meeting.
- 5.3 The Chairman will report on the PSRG progress and recommendations to the SVG. These recommendations will include high level solutions to address the three work areas identified in section 6 below.



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6. PSRG Communications

6.1 Operational Communications

- 6.1.1 Where the PSRG is overseeing defined BSC processes, any communications to BSC Parties, Party Agents or other bodies will be defined either in the BSC or in Code Subsidiary Documents (most often BSCPs) and may take the form of consultations, circular notifications, e-mails or letters etc.
- 6.1.2 Where the PSRG deals with matters which do not have explicitly defined communication steps set out in the BSC but do fall clearly within its explicitly defined areas of responsibility, powers and functions the PSRG will communicate with BSC Parties, Party Agents or other bodies via e-mails and letters.
- 6.1.3 In both cases such communications may be delegated to ELEXON by the PSRG unless otherwise prohibited by the BSC.
- 6.1.4 Such communications as outlined above remain the responsibility of the PSRG.

6.2 Strategic Communications and Other Communications

- 6.2.1 From time to time, matters may arise that relate to wider industry issues. Such matters may impact the PSRG's areas of responsibility either directly or indirectly but will also have impacts that arise out with the BSC.
- 6.2.2 Where the PSRG has views on such matters these views should be relayed to the SVG such that the SVG may, at its discretion, relay the views to the Panel.
- 6.2.3 It is possible that the views of the PSRG do not align with the views of the SVG itself. To ensure that the views of the PSRG are not lost, where matters are relayed to the SVG, these will be recorded in the relevant meeting materials or minutes as appropriate. Further, where the SVG decides to relay its own views to the Panel, it should reference the views of the PSRG.
- 6.2.4 Where the Panel issues communications to an industry participant, body or government department based on matters brought to its attention by the PSRG via the SVG (or receives responses to such communications), the Panel will, unless it agrees otherwise on the basis of confidentiality, provide a copy of such communications or responses to the SVG and the PSRG.

6.3 Time-Bound Communications

- 6.3.1 Where the PSRG identifies a strategic or other matter (as outlined in paragraph 6.2.1) which it wishes to bring to the SVG's attention, and where that matter is such that the value of so doing would be eroded if it is not brought to the SVG's attention before the next scheduled SVG meeting, the Chairman will relay the matter to the SVG Chairman (or, in their absence, the SVG Vice Chairman) directly.
- 6.3.2 The SVG Chairman (or, in their absence, the SVG Vice Chairman) will then determine whether to:



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- i) seek the views of SVG Members and their ex-committee approval to relay the views to the Panel; or
- ii) relay the views of the PSRG to the Panel so as to meet the timescales required and circulate a copy of these views to SVG Members¹ for information.

7. PSR Work Areas

7.1 The PSRG shall consider the following work areas:

Work Area 1: Profile Enhancements

The project will look at areas that can be addressed to maintain the profile samples in the short to medium term. These include looking at new sources or mechanisms to access half-hourly data (smart or micro-generation), new methodologies, the supporting data for the construction of the profiles, the structure of the profile samples and any new standing data (e.g. Market Domain Data) required to address short to medium term issues. The project will also seek data to track the smart Meter roll-out and monitor Feed-in-Tariff installations.

The project will also see if any existing structures or resources can be reallocated. For example, the re-use of Profile Classes 5 to 8, if P272 is approved, or the redirection of funds to support the remaining Profile Classes.

The project will also consider the medium term options for new more radical approaches to profiling such as real time options where data is collected and used for Settlement based on the actual Settlement Day.

Work Area 2: Reducing Settlement Timescales

The project's objectives are to define and assess the most cost effective approach to deliver reduction(s) in Settlement timescales. The roll out of smart Meters (and advanced Meters) will enable more timely and accurate Meter readings and Settlement processes can be improved to use this available Meter data. The scope of this project is to investigate options for reductions in the Settlement processes to allocate energy in a more timely and accurate manner. The approach is to set out the potential options for reducing Settlement timescales, consult with the industry, impact assess the most viable options and conduct a cost-benefit analysis on the preferred options. The results of the analysis will then form the basis of a further consultation on the impacts and benefits. A final report from the PSRG will then be presented to the SVG who will make recommendations to the BSC Panel. The project will start in February 2014 and take 12 months. The estimated ELEXON resources are 180 man days. The implementation of any preferred options will be through the standard BSC change process (or through other governance routes, if required) and so are outside the scope of the project.

¹ Including those regular attendees (if appointed) who are entitled to attend the SVG in accordance with the SVG Terms of Reference (i.e. the Panel Sponsor, the representative of the Authority, the representative of the Transmission Company and MRASCo).



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Work Area 3: Settlement of Dynamically Switched Registers

A project to identify options for process and system changes to ensure accurate Settlement of any loads (and/or time of use registers) that are dynamically switched by means of smart or advanced Meters. The project will include the identification of options, a consultation on these options and a report from the PSRG to the SVG. The implementation of any preferred options will be through the standard BSC change process (or through other governance routes, if required) and so outside the scope of the project. The project timescales will be February to September 2014 (eight months) and the estimated ELEXON resources are 60 man days.