

<b>Change Proposal – BSCP40/02</b>	CP No: 1336 <i>Version No: 1.0</i>
<b>Title:</b> UMSO Adjustment of EACs and Pseudo HH Units based on Physical Audit Findings	
<b>Description of Problem/Issue</b>	
<b><u>Background</u></b>	
<p>Nationally, Unmetered Supplies (UMS) consumption amounts to almost 4 terawatt-hour (TWh) per annum according to ELEXON's reported figures. Across EDF Energy Networks' three distribution regions it's currently 0.96 TWh (approximately 25% of the national total). The settlement of this electricity is entirely dependent on the accuracy and veracity of customer's inventory submissions.</p>	
<b><u>The Problem</u></b>	
<p>Inventory submissions can be inaccurate and updates aren't always readily provided. There are even cases of large customers apparently hiding their true consumption in order to manage their electricity bills. EDF Energy Networks decided to undertake physical on-street checks and, so far, we've completed 12 major audits of local authority lighting customers. Average energy error was close to 10%. One local authority had an error rate of 28% - a Settlement shortfall of more than 2 gigawatt-hours (GWh).</p> <p>Once we have produced a comprehensive audit report with an extensive, statistically significant, sample it is difficult for the customer to dispute our findings. However two situations may arise:</p>	
<ul style="list-style-type: none"> <li>(a) The customer has lost all track of their installed assets and arranging survey budgets, appointing contractors, conducting the programme and compiling the results may easily take 18 months or more.</li> <li>(b) The customer chooses to prevaricate, makes empty promises and generally fails to deliver improved, accurate inventory data.</li> </ul>	
<p>The Unmetered Supplies Operator (UMSO) or Licensed Distribution System Operator (LDSO) has limited options:</p>	
<ul style="list-style-type: none"> <li>• In respect of <b>(a)</b> it will undeniably take a significant period of time to collate a fresh inventory and the settlement error will persist.</li> <li>• In respect of <b>(b)</b> pressure could be applied by blocking any new UMS connections but for a local authority this could involve such massive disruption as to be very challenging and politically difficult to implement. For non-local authority customers enforced disconnections might be considered but these incur further costs and would be very much an action of last-resort.</li> </ul>	
<b><u>Proposed Solution</u></b>	
<p>This CP would introduce a technique to correct Settlement for UMS consumption promptly. The physical audit has calculated an energy error percentage and so offers the means to address the difference between the Estimated Annual Consumption (EAC) and actual consumptions. Distributors then can uplift the EAC by the determined percentage until the UMSO agrees the validity of a new inventory submission from the customer.</p> <p>The proposed solution can be applied to Non Half Hourly (NHH) and Half Hourly (HH) customers simply by:</p>	
<ul style="list-style-type: none"> <li>• Uplifting the EAC value for NHH-traded customers</li> <li>• Applying the percentage to the counts of items on the Summary Inventory for HH-traded customers</li> </ul>	

**Justification for Change** (*mandatory by originator*)

Based on projections from our initial audits, this technique might assist in the recovery of 400 GWh per annum nationwide. If errors in non-local authority arenas (e.g. advertising, Cable TV & Telecoms) are typically greater than 10% that figure may be higher still.

It will also help those UMISOs/LDSOs not presently conducting audits to justify the time and cost involved in such activity. They can be reassured that where errors are uncovered they will be addressed in Settlement in a prompt manner, even if the customer cannot (or will not) tender a more accurate inventory. It is also worth noting that simply having audit programmes underway in an LDSO region is proven to incentivise customers to address long-ignored data issues. Thus the benefits are considerable over and above those customers *actually* audited.

Two alternative situations may present:

- (a) The customer welcomes such an arrangement as an interim measure.
- (b) The customer disputes the UMISO's right to make such changes and refuses to cooperate.

In the latter circumstance EDF Energy Networks believes that the EAC or Summary Inventory correction, fully evidenced by extensive audit undertakings, should be enforceable without customer agreement at the LDSO's insistence. It otherwise becomes meaningless for more belligerent customers to the detriment of Settlement accuracy. It also avoids even less palatable alternatives such as forced disconnections.

Authorising EAC or Summary Inventory correction would require very minimal changes to BSCP 520. It may warrant an entry under section 1.2.1 (UMISO Responsibilities) and minor edits to section 3.2.3 and 3.2.9 (Interface and Timetable Information).

**To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code?**

This CP facilitates section S 'Supplier Volume Allocation' of the Code. For example (8.1.3) in respect of the accuracy of data for unmetered supplies being no worse than that for metered supplies.

**Estimated Implementation Costs**

The estimated ELEXON implementation cost is 2 man days, which equates to £480.

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

BSCP520 - 'Unmetered Supplies Registered in SMRS'

**Impact on Core Industry Documents or System Operator-Transmission Owner Code**

None

**Related Changes and/or Projects**

None

**Requested Implementation Date**

Next Available Release - 24<sup>th</sup> February 2011

**Reason:** This would be an optional technique available to those UMSOs conducting audit programmes. As a non-mandatory element of UMSO operations there seems no justification in unreasonably delaying its implementation. Two UMSOs (responsible for 5 of the 14 LDSO regions) already have the capability to edit NHH EAC Certificates and Pseudo Half-Hourly Summary Inventories automatically via their UMS software systems. Others may choose to follow suit and update their systems or, alternatively, to affect manual amendments on the rare occasions when they seek to apply these measures.

**Version History**

This is version 1.0 for Impact Assessment.

***Originator's Details:***

***BCA Name:*** Mark James

***Organisation:*** EDF Energy Networks

***Email Address:*** [marks.james@edfenergy.com](mailto:marks.james@edfenergy.com)

***Telephone Number:*** 01293 657946

***Date:*** 02 July 2010

**Attachments: Yes**

Attachment A – BSCP520 'Unmetered Supplies Registered in SMRS' v17.0 redlined v0.1 (4 Pages)