

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



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### Contents

<b>1</b>	Summary	2
<b>2</b>	Background	3
<b>3</b>	Issue Group's Discussions	5
<b>4</b>	Conclusions	8
	Appendix 1: Issue Group Membership	9
	Appendix 2: Glossary & References	10

### About This Document

This document is the Issue 59 Group's Report to the BSC Panel. ELEXON will table this report at the Panel's meeting on 12 March 2015.

This document provides details of the Issue Group's discussions and proposed solutions to the highlighted issue and contains details of the Issue Group's membership.

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235/10

Issue 59  
Issue Report

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5 March 2015

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Version 1.0

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Page 1 of 10

---

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## Issue

[Issue 59 'Consideration of the PARMS and Supplier Charge changes introduced by P272 and P300'](#) was raised by ELEXON to consider the consequential changes to Performance Assurance Reporting and Monitoring System (PARMS) and Supplier Charges that will be introduced by BSC Modifications [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) and [P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)'](#).

P272 will introduce changes to PARMS Serial SP04 'Installation of HH Metering' for the purpose of reporting on P272 non-compliance after the Implementation Date.

P300 proposed a review of PARMS Serial SP08c 'Percentage of non-mandatory HH Energy Settled on Actual Readings' Performance Levels and its associated Supplier Charges.

## Conclusion

The Issue Group concluded that a new Committee report should be created to report non-compliances under the P272 requirements, with no Supplier Charges associated to it. This Committee report should replace the PARMS reporting requirements introduced by P272. Therefore a BSC Modification will be raised to back-out the PARMS reporting requirements of P272 from the BSC.

The Issue Group also concluded that no change should be made to PARMS and Supplier Charges as a result of the approval of P300, subject to another review in 2017.

### What is P272?

Since 6 April 2014, all Meters within Profile Classes (PCs) 5-8 must be an Advanced Meter, which is capable of being read remotely and recording Half Hourly (HH) consumption. Currently it is not mandatory to settle PCs 5-8 Metering System Half Hourly.

P272 proposed to make HH Settlement mandatory for all Metering Systems within PCs 5-8 (where capable metering has been installed), as the use of Non Half Hourly (NHH) data is not as accurate and masks individual customer behaviour.

On 29 October 2014, the Authority approved P272 with an Implementation Date of 1 April 2016.

### What is P300?

P300 sought to introduce new Measurement Classes for aggregated HH settled customers (for current transformer and whole current metered domestic; and whole current non-domestic markets). P300 aligns with [Distribution Connection and Use of System Agreement \(DCUSA\) Change Proposal \(DCP\) 179 'Amending the CDCM tariff structure'](#), which will implement HH DCUSA tariff changes.

On 15 October 2014, the Authority approved P300 with an Implementation Date of 5 November 2015.

### What is PARMs?

PARMS is a database containing information about how Suppliers and their Supplier Hubs are performing. Suppliers, Supplier Agents, Supplier Meter Registration Agents (SMRAs) and Supplier Volume Allocation Agent (SVAA) can submit data into PARMs. ELEXON uses PARMs to monitor Supplier Performance under BSC obligations and manage Settlement Risks.

PARMS data is divided into Serials. A Serial is a defined area for measuring a Supplier or Supplier Agent's performance against key industry processes. Supplier Charges are incurred for underperformance against six PARMs Serials.

### Changes to PARMs and Supplier Charges for P272 and P300

The implementation of P272 and P300 would require changes to PARMs Serials and their associated Supplier Charges. ELEXON raised Issue 59 and invited the Issue Group to consider the following changes:

- create a new PARMs Serial to report on the number of PCs 5-8 Metering Systems that do not have an Advanced Meter installed;
- amend the existing PARMs Serial SP04 to include those PCs 5-8 Metering Systems that are not HH settled and the associated Supplier Charge; and
- amend PARMs Serial SP08c, including the current Performance Levels of 99% energy being settled on actual data from First Reconciliation Volume Run (R1)

onwards, for those non-100kW Metering Systems and their associated Supplier Charges.

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235/10

Issue 59  
Issue Report

---

5 March 2015

---

Version 1.0

---

Page 4 of 10

---

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### Should PARMs Serial SP04 be amended?

The Issue Group agreed that the existing PARMs Serial SP04 should remain unchanged. Instead, it would be easier to create a new PARMs Serial (i.e. SP04b) to focus on those PC 5-8 Metering Systems, excluding those unmetered or export Metering Systems, that had not changed from being NHH settled to Measurement Class E, F or G (or Measurement Class C) following the P272 Implementation Date. However, the Issue Group did not think that a Supplier Charge should be applied to these Metering Systems as it may be the case that a Supplier cannot comply despite reasonable efforts being taken. For example there could be Metering Systems that are in a location where they cannot be remotely read due to interference. The Issue Group also felt that should a charge be applied, the value should reflect the risk to Settlement posed by this specific type of non-compliance, which may be different to the charge currently applied to SP04.

### Should a new PARMs Serial or a Committee report be created?

The Issue Group considered the merits and costs of having a new PARMs Serial (which would be a BSC requirement under P272) versus having a regular report to the relevant Panel Committees (mainly the Performance Assurance Board (PAB), but also potentially the Supplier Volume Application Group (SVG)).

It was noted that if a new PARMs Serial was introduced, the reporting would then take place on an enduring basis until a further Modification was raised to remove the relevant requirements. The members believed that the market should see a decreasing number of PC5-8 Metering Systems following the implementation of P272, with no new PC5-8 Metering Systems being registered after this time. Therefore any reporting against this may quickly become redundant.

The Issue Group believed that the Committee report would be preferable as it allows the relevant Panel Committees to review the information being reported and its frequency in response to progress. Furthermore the Committees could choose to end it at any time, without the need to raise a Modification, when it feels the report would no longer be needed.

### How should Committee report be created and how much would it cost?

In order to create the Committee report, the Group felt that it would be beneficial for the data to be sourced from the Electricity Central Online Enquiry Service (ECOES) as a single central source rather than from individual participants. ELEXON advised the Issue Group that the indicative cost that will arise from creating the report using ECOES data would be £550 per month. The Issue Group believed that the costs to create this Committee report would be acceptable.

### Drivers of P272 compliance

The Issue Group believed that, although Supplier Charges and the Error and Failure Resolution (EFR) process would both incentivise Parties to be compliant, the enforcement from Ofgem and the associated charges levied by it for not installing an Advanced Meter

would likely be a more significant deterrent. However, the Ofgem charges would only be levied against not installing an Advance Meter, whereas the BSC monitoring would also require participants to subsequently settle these Meters on a HH basis.

The Group also noted that Parties may choose to deliberately incur and pay Supplier Charges as a commercial decision (i.e. if it is ultimately cheaper to pay the Charges as a result of being non-compliant than to invest money to resolve these non-compliances) and in such cases the EFR process could be more effective as it requires Parties to submit plans to resolve any non-compliance.

## Clarification on Advanced Meters

The Issue Group considered that there was lack of clarification on the definition of an Advanced Meter under the requirements of P272. A few Members queried whether it would simply require an Advanced Meter to be installed or whether suitable communications also needed to be in place. The Issue Group felt that it would be difficult for Suppliers to report on the number of Advanced Meters being installed for PC5-8 Metering Systems without a clear definition on what would or would not count as an Advanced Meter.

Ofgem provided the following clarification to the Issue Group:

*In order to be considered advanced, an electricity meter must meet all the requirements of SLC [Standard Licence Condition] 12.19 of the Electricity Supply Licence. That is, the meter must carry out the functions set out in SLC12.19 (a) and (b) without the need for any further technical intervention.*

*For reference, the wording of SLC 12.19 is as follows:*

*"12.19 For the purposes of this condition, an advanced meter is an Electricity Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Code:*

- a) provides measured electricity consumption data for multiple time periods, and is able to provide such data for at least half-hourly time periods; and*
- b) is able to provide the licensee with remote access to such data."*

*What we mean by 'technical intervention' is any further action needed so that the meter can perform the functions required by SLC 12.19. Examples of a 'technical intervention' would be:*

- Any action that needs to be taken to programme the meter to provide measured consumption data for multiple time periods so as to comply with 12.19(a).*
- Any action that needs to be taken to establish a communications link between the meter and any relevant back-office systems so as to provide remote access to data in compliance with 12.19(b).*

It is the interpretation of the Issue Group that if a Meter satisfies SLC12.19 (a) and (b) but cannot be remotely read, for example due to communication interference, it would not be an Advanced Meter. This is because further technical interventions would be required in order to establish a communication link to retrieve the readings.

## Removal of PARMs reporting requirements from P272

The Issue Group concluded that a BSC Modification should be raised to back-out the PARMs requirements under P272, which would allow the Committee report to be used to report P272 non-compliances. The Issue Group also agreed that a Change Proposal (CP) that introduces P272 non-compliance reporting into PARMs should be prepared in parallel, should the Modification be rejected (i.e. proceed with the original P272 reporting requirements as a backup plan).

## PARMs Serial SP08c changes

The Issue Group unanimously agreed that the current PARMs Serial SP08c Performance Levels should remain unchanged. It was also agreed that its associated Supplier Charges should remain unchanged.

The Issue Group believed that it would be very difficult to tell at this time whether changes would be required to PARMs Serial SP08c. Therefore its Performance Levels and Suppliers Charges should remain unchanged until after the implementation of P272. Another review should take place in 2017, when there would be a clearer picture on whether changes are required.

## 4 Conclusions

The Issue 59 Group concluded that:

- a BSC Modification should be raised to back-out the P272 non-compliance reporting requirements from the BSC and a Committee report should be created for such reporting purpose;
- in parallel to this Modification, a CP should be prepared to introduce P272 non-compliance reporting to PARMS; and
- no change should be made to the existing PARMS Serial SP08c Performance Levels and its associated Supplier Charges, subject to another review in 2017.

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235/10

Issue 59  
Issue Report

---

5 March 2015

---

Version 1.0

---

Page 8 of 10

---

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## Appendix 1: Issue Group Membership

### Issue Group membership and attendance

Issue 59 Group Attendance			
Name	Organisation	18 Nov 14	17 Dec 14
David Kemp	ELEXON ( <i>Chair</i> )	✓	✓
Oliver Xing	ELEXON ( <i>Lead Analyst</i> )	✓	✓
Matthew Woolliscroft	ELEXON	✓	✓
Oliver Meggitt	ELEXON ( <i>Design Authority</i> )	✓	✓
Kathryn Munday	ELEXON ( <i>Design Authority</i> )	✓	✓
Tee Seong Yeow	ELEXON	✗	✓
Colin Prestwich	SmartestEnergy	✓	✓
Phil Russell	Independent Consultant	✓	✓
Ben Fuller	Centrica	✓	✗
Greg Mackenzie	British Gas	✓	✓
Colin Frier	Siemens	✓	✗
Tom Connolly	Scottish Power	☎	☎
Tom Whitehouse	Green Energy	☎	✗
Pete Butcher	SSE	✓	✓
Matt Keen	Npower	☎	✓
Kamran Ali	First Utility	✓	✗
David Finnemore	GDF SUEZ	✓	✓
Anna Marzec	Opus Energy	✓	✓
Alastair Barnsley	E.ON	✓	✓
Ian Hall	Imserv	✓	☎
Gavin Somerville	EDF Energy	✓	✓

235/10

Issue 59  
Issue Report

5 March 2015

Version 1.0

Page 9 of 10

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## Appendix 2: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
CP	Change Proposal
DCP	DCUSA Change Proposal
DCUSA	Distribution Connection and Use of System Agreement
ECOES	Electricity Central Online Enquiry Service
EFR	Error and Failure Resolution
HH	Half Hourly
ISG	Imbalance Settlement Group ( <i>Panel Committee</i> )
NHH	Non Half Hourly
PAB	Performance Assurance Board ( <i>Panel Committee</i> )
PARMS	Performance Assurance Reporting and Monitoring System
PC	Profile Class
R1	First Reconciliation Volume Run
SLC	Standard Licence Condition
SMRA	Supplier Meter Registration Agent
SVAA	Supplier Volume Allocation Agent
SVG	Supplier Volume Allocation Group ( <i>Panel Committee</i> )

### External links

A summary of all hyperlinks used in this document are listed in the table below. All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	Issue 59 page on the ELEXON website	<a href="https://www.elexon.co.uk/smg-issue/issue-59-consideration-parms-supplier-charge-changes-introduced-p272-p300/">https://www.elexon.co.uk/smg-issue/issue-59-consideration-parms-supplier-charge-changes-introduced-p272-p300/</a>
2	P272 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/">https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/</a>
2	P300 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p300/">https://www.elexon.co.uk/mod-proposal/p300/</a>
3	DCP179 page on the DCUSA website	<a href="http://www.dcusa.co.uk/Public/CP.aspx?id=201">http://www.dcusa.co.uk/Public/CP.aspx?id=201</a>

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235/10

Issue 59  
Issue Report

---

5 March 2015

Version 1.0

---

Page 10 of 10

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