



Making a positive difference
for energy consumers

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Dear Michael,

Balancing and Settlement Code (BSC) Panel recommendation that BSC Modification P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8' is treated as an Urgent Modification Proposal

On 30 April 2015, Elexon wrote to us on behalf of the BSC Panel to recommend, in accordance with Section F, Paragraph 2.9.1, that we consent to BSC Modification P322¹ being treated as an Urgent Modification Proposal. We approve the recommendation that P322 is treated as an Urgent Modification Proposal and the procedure and timetable recommended by the BSC Panel.

BSC Modification P322

On 29 October 2014, we approved BSC Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'.² This mandates that sites in Profile Classes (PCs) 5-8 with advanced meters are settled half-hourly (HH) from 1 April 2016. Following our decision not to approve the BSC Panel's request that we approve an extension to the Implementation Date of P272,³ Npower raised P322 on 27 April 2015 to propose new arrangements for migrating these sites to HH settlement.

Npower requested that P322 be treated as an Urgent Modification Proposal. Npower considered that implementing P272 by 1 April 2016 could have an adverse impact on consumers, competition and BSC governance. As suppliers are likely to be finalising plans now to implement P272 by 1 April 2016, Npower considers that P322 should be treated as an Urgent Modification Proposal.

At its meeting on 29 April 2015, the BSC Panel unanimously agreed that P322 should be treated as an Urgent Modification Proposal for the reasons set out by Npower.

Our response to the BSC Panel's recommendation

Taking into account the BSC Panel's views, we accept its recommendation that P322 be treated as an Urgent Modification Proposal. This is because P322 satisfies the criteria that we consider an urgent industry modification should meet.⁴ In particular, we consider that

¹ Details of P322 can be found on Elexon's website: <https://www.elexon.co.uk/mod-proposal/p322/>

² Our P272 decision can be found on our website: <https://www.ofgem.gov.uk/publications-and-updates/balancing-and-settlement-code-bsc-p272-mandatory-half-hourly-settlement-profile-classes-5-8>

³ Our letter to the BSC Panel is available on our website: <https://www.ofgem.gov.uk/ofgem-publications/94555/lettertobscpanel-pdf>

⁴ We have published guidance on this matter, which is available on our website: <https://www.ofgem.gov.uk/ofgem-publications/61726/ofgem-guidance-code-modification-urgency-criteria.pdf>

the proposal is linked to an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholders.

In our letter to the BSC Panel dated 20 April 2015, we explained that we share some of its concerns about the risks to consumers from implementing P272 by 1 April 2016. One risk for consumers stems from widespread contract interruption. A second risk for consumers comes from a large-scale migration of sites taking place over a few months. In our letter, we explained that these risks had only emerged following our decision to approve P272 on 29 October 2014. If one or both of these risks materialises, they could have a significant impact on consumers.

In the absence of any new modifications being raised, the requirement on suppliers to implement P272 by 1 April 2016 remains. Therefore, the industry should take steps to address these risks. It is important that this happens quickly because, as the BSC Panel notes, suppliers are continuing to put in place or implement plans for implementing P272 by 1 April 2016.

P322 seeks to introduce rules for the transition of PCs 5-8 with advanced meters to HH settlement, while maintaining momentum. In this way, it may help to address the material risks to consumers described above that may arise if P272 is implemented by 1 April 2016. For this reason, and given the importance of taking steps to address these risks quickly, we consider P322 should be treated as an Urgent Modification Proposal.

We also approve the procedure and timetable that the BSC Panel recommends for P322. It allows P322 to be progressed quickly while allowing for consultation with the industry. We note that Elexon is already taking steps to raise awareness of P322. We encourage such action to continue. We note that the timetable envisages our decision, if we decide to approve P322, to be published prior to 1 July 2015. To enable us to come to a view on this modification in a timely way, we encourage the BSC Panel to ensure that any other measures that seek to mitigate the risks to consumers from implementing P272 by 1 April 2016, and which require a decision from us, are submitted to us at the same time as P322. This could include, for example, a request to extend the Implementation Date for P272.

For the avoidance of doubt, in accepting this request for urgency, we have made no assessment of the merits of P322 and nothing in this letter fetters the discretion of the Authority in respect of this modification proposal.

If you have any comments or questions about this letter, please contact Jonathan Amos at smartermarkets@ofgem.gov.uk.

Yours sincerely

Angelita Bradney
Head of Smarter Markets

cc: Adam Richardson, Elexon