

## CP1452 'Aligning BSCP502 with amendments to the Electricity Supply Licence'

**ELEXON**



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### About This Document

This document is the Final Change Proposal (CP) Report for CP1452, which ELEXON has published following the final decision from the SVG to approve CP1452.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the SVG's views on the proposed changes and the views of respondents to the CP Consultation, along with the final decision on whether to approve this change.
- Attachment A contains the approved redlined changes to deliver the CP1452 solution.
- Attachment B contains the full responses received to the CP Consultation.

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Final CP Report

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# 1 Why Change?

## Meter inspections

There is currently an [Electricity Supply Licence](#) requirement (Standard Licence Condition (SLC) 12.14-16) for Non Half Hourly (NHH) Meters to be inspected every two years. Ofgem has reviewed the efficiency and effectiveness of the licence requirement. It proposes to repeal the Meter inspection licence condition and has [consulted](#) on this policy position. Ofgem believes that other regulations and policies, including safety obligations and recently enhanced theft detection and billing accuracy obligations, protect consumers with traditional and smart Meters more effectively than the existing inspection obligation.

There is currently a requirement in Balancing and Settlement Code Procedure (BSCP) [502 'Half Hourly Data Collection for Systems Registered in SMRS'](#) to inspect three-phase Half Hourly (HH) Meters every year and single-phase HH Meters every two years.

## Smart Meters

The Department of Energy and Climate Change (DECC) has put in place the regulatory framework for the rollout of smart metering. A mandated rollout of smart Meters will begin in Autumn 2016.

The rollout of smart Meters will require Suppliers to replace over 50 million traditional Meters in domestic and small non-domestic sites. Smart Meters will reduce the need for Suppliers to conduct site visits as the Meters will be capable of sending consumption information wirelessly to Suppliers.

Further information on smart metering can be found on the [smart metering](#) page of our website.

## P272 migration

Approved Modification [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) will make HH Settlement mandatory for all Metering Systems within Profile Classes (PCs) 5-8 (where capable metering has been installed). P272 is due to be implemented on 1 April 2017.

A significant majority of Metering Systems in Measurement Classes E, F and G have (until recently) been NHH and therefore subject to the SLC 12.14-16 inspection requirements. There will be about 180,000 new Measurement Class E and G Metering Systems when the NHH to HH migration is complete under P272.

Further information on P272 can be found on the [P272 Modification](#) and [P272 Implementation](#) pages of our website.

## Related changes

ELEXON raised [CP1261 'Introducing Metering Code of Practice 10 to facilitate smart metering in the HH market'](#) in 2009 to encourage elective HH by introducing [HH Metering Code of Practice \(CoP\) 10](#) and removing a number of other barriers. As part of this CP, Metering Systems in Measurement Class E were exempted from the requirement for yearly inspection visits. Instead a requirement was introduced into BSCP502 to inspect



### Measurement Classes

The Measurement Class of a Metering System reflects how it is settled i.e. HH or NHH. There are currently seven Measurement Classes:

- A: NHH metered
- B: NHH Unmetered Supply (UMS)
- C: Mandatory 100kW or above HH metered
- D: HH equivalent UMS
- E: Non-mandatory HH Metered under 100kW
- F: Domestic HH
- G: HH under 100kW for whole current Metering Systems

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Measurement Class E Metering Systems with the same frequency as NHH Metering Systems, as specified in SLC 12.14-16.

BSC Modification [P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)'](#) was implemented on 5 November 2015. This Modification introduced new Measurement Classes for aggregated HH-settled customers (for current transformer (CT) and whole current metered domestic, and whole current non-domestic markets). When P300 was approved, we raised [CP1431 'Extend Site Check Exemption to Measurement Classes F and G'](#) to extend the exemption in BSCP502 section 4.1.8 to include Measurement Classes F and G as well as Measurement Class E. This aligned the provisions of BSCP502 with the requirements that P300 introduced and ensured efficiency of the balancing and Settlement arrangements.

## What is the issue?

Ofgem has reviewed and consulted on SLC 12.14-16 and concluded that:

*"health and safety obligations in legislation and industry codes, and recently enhanced theft detection and billing accuracy supply licence obligations, are more effective and proportionate ways to achieve the desired policy objectives of meter inspections".*

Additionally, there is a concern that SLC 12.14-16 partially undermines the smart metering business case. This is because any savings gained through taking remote readings and not having to carry out site visits is reduced by the need for inspection visits.

Ofgem issued its statutory [consultation](#) on the revised licence condition wording on 16 November 2015. Ofgem [approved](#) the licence condition changes on 4 February 2016. The licence change will take effect from 1 April 2016.

If the proposed licence change is approved, changes will be required to BSCP502 to remove references to the licence and clarify the requirements for Measurement Classes C, E, F and G.

### Proposed solution

ELEXON raised [CP1452 'Aligning BSCP502 with amendments to the Electricity Supply Licence'](#) on 18 November 2015. This CP changes BSCP502 4.1.8 to:

- retain the Meter inspection requirements for Measurement Class C; and
- remove the Meter inspection requirements for Measurement Classes E, F and G.

In addition, this CP removes the reference to health and safety. This obligation sits outside the remit of the BSC, and removing the reference in this instance is consistent with [Ofgem's views](#) that regular inspections are not conducive to risk-based health and safety legislation.

### Proposer's rationale

In order to align the BSC with the proposed SLC amendments, changes are required to BSCP502 to clarify the requirements for Measurement Classes C, E, F and G.

The current BSCP502 inspection requirements were originally intended for 100kW Metering Systems. These Metering Systems represent a greater Settlement risk if they are not subject to periodic inspections, because of their higher metered consumption. As such, we propose that the BSCP502 Meter inspection requirement is retained for Measurement Class C.

Ofgem has put forward [arguments](#) in relation to the health and safety legislation for Measurement Classes E, F and G. It notes that Suppliers are already subject to obligations in health and safety legislation as well as industry codes and that these obligations are risk-based. Ofgem argues that targeting at-risk Meters is likely to be more effective than routinely inspecting all Meters. Therefore, Ofgem believes there is potential duplication between different regulatory requirements. It has also noted the introduction of the [Theft Risk Assessment Service](#) (TRAS) and the ability to identify anomalies through an increase in remote readings and alarms.

We propose that the BSCP502 Meter inspection requirement is removed for Measurement Classes E, F and G. This will reduce the potential duplication between different regulatory health and safety requirements and also reduce the number of site visits required in the future for sites migrating from NHH to HH under P272.

There will be about 180,000 new Measurement Class E and G Metering Systems when the NHH to HH migration is complete under P272. These will represent a significant majority of Metering Systems in Measurement Classes E, F and G. These Metering Systems have (until recently) been NHH and therefore subject to the SLC 12.14-16 inspection requirements. The arguments that Ofgem has made for repealing the inspection requirements for NHH Meters also apply to this category of Meters. This is because the risks that they present to Settlement are proportional to the volume of energy being metered.

### Proposed redlining

Attachment A contains the approved redlined changes to BSCP502 to deliver CP1452.

## 3 Impacts and Costs

### Central impacts and costs

#### Central impacts

CP1452 requires changes to BSCP502. There are no central system impacts as a result of this change, and there will be no impact on BSC Agents.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none"><li>BSCP502</li></ul>	<i>None</i>

#### Central costs

The central implementation costs for CP1452 will be approximately £240 (one ELEXON man day) to implement the required document changes.

### BSC Party & Party Agent impacts and costs

Two of the six respondents to the CP Consultation advised that there will be internal system changes required as a result of this CP being implemented. However, both of these respondents advised that the costs associated with these changes should not be significant. One noted low to medium costs to make the changes.

Another respondent to the CP Consultation commented that, if reduced metering system inspections lead to reduced Meter accuracy, there may be an impact on the accuracy of Settlement data and industry level consumption data in general.

The remaining four respondents did not identify any impacts or costs associated with CP1452.

### Approved Implementation Date

CP1452 has been approved for implementation on **30 June 2016** as part of the June 2016 BSC Systems Release.

Ofgem approved the licence condition changes on 4 February 2016. These changes will take effect from 1 April 2016. As the Electricity Supply Licence takes precedence over the BSC, **the licence condition changes will be in force from 1 April 2016** even though the required changes to BSCP502 will not take effect until 30 June 2016.

Five of the six respondents to the CP Consultation agreed with the proposed Implementation Date. One supported the implementation but noted that the SLC changes take precedent over the BSC regardless of the date.

One respondent believed that more analysis is necessary on whether inspection obligations should be maintained for all HH three-phase CT Metering Systems, particularly for Measurement Class E. They therefore do not agree with the implementation at this time. Details of the respondent's views can be found in Section 6.

### SVG's initial views

The SVG considered CP1452 at its meeting on 1 December 2015 ([SVG178/06](#)).

ELEXON asked the SVG for its views on the Meter inspection obligations for Measurement Class E Meters. We asked the SVG whether:

- the Meter inspection obligations for Measurement Class E should be aligned with those of Measurement Class C (i.e. the current BSCP502 requirements will apply allowing the CTs to be inspected); or
- the Meter inspection obligations for Measurement Class E should be aligned with Measurement Classes F and G (i.e. no inspections will be required).

An SVG Member commented that the most sensible approach is to remove the mandatory Meter inspections and therefore align Measurement Class E obligations with Measurement Classes F and G.

The SVG agreed that this approach should be included as part of the CP solution and that it will look to reconsider this issue when industry responses to the CP Consultation are presented.

The Panel Sponsor queried whether Meter inspections are being completely removed. ELEXON confirmed that this is not the case. Meter inspections will continue to be carried out on a risk-based approach, therefore customers are still protected.

One respondent to the CP Consultation did not agree with Meter inspection obligations for Measurement Class E being aligned with Measurement Classes F and G. Details of the respondent's views can be found in Section 6.

## 6 Industry Views

This section summarises the responses received to the CP Consultation. You can find the full responses in Attachment B.

Summary of CP1452 CP Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1452 proposed solution?	5	1	0	0
Do you agree that the draft redlining delivers the intent of CP1452?	5	1	0	0
Will CP1452 impact your organisation?	3	3	0	0
Will your organisation incur any costs in implementing CP1452?	2	4	0	0
Do you agree with the proposed implementation approach for CP1452?	5	1	0	0
Do you have any further comments on CP1452?	2	4	0	0

### Industry views on CP1452

We received six responses to the CP1452 CP Consultation, of which five agreed with the proposed solution.

One respondent supported the alignment of requirements for Measurement Class E sites with those of Measurement Classes F and G. Another respondent agreed that the solution adequately aligns the BSC requirements with the changes to the SLCs. They believed that the removal of these requirements should have a neutral impact upon the integrity of Settlement. The other three respondents that agreed with the proposed solution did not provide rationale.

One respondent to the CP Consultation did not agree with the proposed solution. They agreed with the rationale to retain inspection obligations for Measurement Class C and the rationale to remove inspection obligations for Measurements Classes F and G. However, they are unsure of the rationale to remove the obligation to inspect Measurement Class E Metering Systems. Particularly as the Metering Systems for Measurement Classes C and E could be identical and therefore present the same technical risks that might lead to inaccuracy. They also believe this CP may benefit from further analysis on the original purpose of BSCP502 to determine if it is indeed appropriate to retain inspection obligations for Measurement Classes C and E.

### BSCP502 objectives and Measurement Class E requirements

The respondent who disagreed with the proposed changes understands the drivers to reduce inspections for mass market metering and Ofgem's view on other industry developments being effective ways to achieve the desired policy objectives on Meter inspections. However, they query whether the policy objectives are the same as those that originally created BSCP502. Specifically, they query whether an original policy



objective of BSCP502 was to maintain the accuracy of more complicated Metering Systems (including all HH CT metering, irrespective of Measurement Class definitions). They note in the Proposer's rationale that 'the current BSCP502 inspection requirements were originally intended for 100kW Metering Systems'. They also question whether the inspection requirements in BSCP502 at 'Code Effective Date' were originally aimed at all HH Metering Systems (i.e. CT metering of all types irrespective of voltage, kWh capacity or Measurement Class).

ELEXON notes that the original objective of the BSCP502 requirement was not the same as the policy objective for Ofgem's licence requirement. BSCP502 was drafted at a time when HH Metering Systems were predominantly 100kW. Subsequent CPs have since been raised to align the inspection requirements for sub-100kW Metering Systems with the two year frequency defined in the licence for NHH Metering Systems. The proposal to retain the inspection for Measurement Class C, but not for Measurement Class E is based on the volume of energy metered (and hence the risk to Settlement), rather than whether there is current transformer metering. The inspection is carried out by the HHDC, who will not be qualified or have access to test the CTs themselves. A CT failure would manifest itself to the HHDC without the need for a site visit. As such we do not consider CT metering to be a determining factor for carrying out a routine inspection

## Comments on the proposed redlining

There were no comments received from CP Consultation respondents on the draft redlined changes to BSCP502.

One respondent disagreed with the redlining as they feel the intent has been not been sufficiently considered in relation to different types of Metering Systems and the original objectives of BSCP502. However, they did not provide any specific comments on the draft redlined changes.

### SVG's final views

The SVG considered the CP1452 Assessment Report at its meeting on 2 February 2016 ([SVG180/05](#)). ELEXON reminded the SVG that, at its 1 December 2015 meeting it supported the view to remove the mandatory Meter inspection requirements for Measurement Class E. We noted that one respondent to the CP Consultation disagreed with this. They believed that, because the metering in Measurement Class E is the same as Class C, there is an inconsistency in the requirements.

An SVG Member queried the value of retaining inspections for Measurement Class C, and asked whether these should be removed too. ELEXON advised that the volume of energy associated with Measurement Class C (above 100kW) is greater than that of Measurement Class E (sub-100kW). Another Member considered that, while there is an identical technical risk associated with Measurement Classes C and E Metering Equipment, E has a lower financial risk to Settlement than C. They noted that the SVG's remit is the financial Settlement Risk, and believed that the BSC should therefore retain inspections for Measurement Class C but remove them for Measurement Classes E, F and G. Other SVG Members agreed. Another SVG Member noted that the change did not mean that Measurement Class E, F and G sites would never be visited, just that they would be visited less regularly.

The SVG considered whether a Meter inspection would uncover issues that are likely to introduce a Settlement Error (for example, CT metering and fuse issues). They questioned to what extent inspections would pick these up and the percentage rate of Technical Assurance Agent (TAA) inspections for Category 1 non-compliances. ELEXON advised that there are normally one or two occurrences per month. An SVG Member stated that lots of things would manifest themselves remotely, but that inspections would normally look at site safety rather than issues leading to Settlement Errors. Other SVG Members agreed with this view.

### Final decision

The SVG has:

- **APPROVED** CP1452 for implementation on 30 June 2016, as part of the June 2016 BSC Systems Release.

## Appendix 1: Glossary & References

### Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code ( <i>industry Code</i> )
BSCP	Balancing and Settlement Code Procedure ( <i>Code Subsidiary Document</i> )
CoP	Code of Practice
CP	Change Proposal
CPC	Change Proposal Circular
CT	current transformer
DECC	Department of Energy and Climate Change
HH	Half Hourly
NHH	Non Half Hourly
PC	Profile Class
SLC	Supply Licence Condition
SVG	Supplier Volume Allocation Group ( <i>Panel Committee</i> )
TRANS	Theft Risk Assessment Service

### 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	Licence Conditions page on Ofgem website	<a href="https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions">https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions</a>
2	July 2015 Ofgem consultation on the Ofgem website	<a href="https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/reforming_suppliers_meter_inspection_obligations_final_0.pdf">https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/reforming_suppliers_meter_inspection_obligations_final_0.pdf</a>
2	BSCPs page on the ELEXON website	<a href="https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/4/?show=10&amp;type">https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/4/?show=10&amp;type</a>
2	Smart metering page on the ELEXON website	<a href="https://www.elexon.co.uk/reference/smart-metering/">https://www.elexon.co.uk/reference/smart-metering/</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>

External Links		
Page(s)	Description	URL
2	P272 Implementation page on the ELEXON website	<a href="https://www.elexon.co.uk/p272-mandatory-half-hourly-settlement-profile-classes-5-8/">https://www.elexon.co.uk/p272-mandatory-half-hourly-settlement-profile-classes-5-8/</a>
2	CoP page on the ELEXON website	<a href="https://www.elexon.co.uk/bsc-related-documents/related-documents/codes-of-practice/">https://www.elexon.co.uk/bsc-related-documents/related-documents/codes-of-practice/</a>
3	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	CP1431 page on the ELEXON website	<a href="https://www.elexon.co.uk/change-proposal/cp1431/">https://www.elexon.co.uk/change-proposal/cp1431/</a>
3	Ofgem decision to approved licence condition changes	<a href="https://www.ofgem.gov.uk/publications-and-updates/decision-reforming-suppliers-meter-inspection-obligations?utm_medium=email&amp;utm_source=dotMailer&amp;utm_campaign=Daily-Alert_04-02-2016&amp;utm_content=Decision%20on%20reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations&amp;dm_i=1QCB,40HZ1,F31DYO,EI86E,1">https://www.ofgem.gov.uk/publications-and-updates/decision-reforming-suppliers-meter-inspection-obligations?utm_medium=email&amp;utm_source=dotMailer&amp;utm_campaign=Daily-Alert_04-02-2016&amp;utm_content=Decision%20on%20reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations&amp;dm_i=1QCB,40HZ1,F31DYO,EI86E,1</a>
4	CP1432 page on the ELEXON website	<a href="https://www.elexon.co.uk/change-proposal/cp1432/">https://www.elexon.co.uk/change-proposal/cp1432/</a>
4	Final Ofgem licence condition change proposal on the Ofgem website	<a href="https://www.ofgem.gov.uk/publications-and-updates/reforming-suppliers-meter-inspection-obligations-final-proposals?utm_medium=email&amp;utm_source=dotMailer&amp;utm_campaign=Daily-Alert_16-11-2015&amp;utm_content=Reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations%20%e2%80%93%20final%20proposals&amp;dm_i=1QCB,3TQ3Q,F31DPQ,DS9WJ,1">https://www.ofgem.gov.uk/publications-and-updates/reforming-suppliers-meter-inspection-obligations-final-proposals?utm_medium=email&amp;utm_source=dotMailer&amp;utm_campaign=Daily-Alert_16-11-2015&amp;utm_content=Reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations%20%e2%80%93%20final%20proposals&amp;dm_i=1QCB,3TQ3Q,F31DPQ,DS9WJ,1</a>
4	TRANS webpage on the Ofgem website	<a href="https://www.ofgem.gov.uk/publications-and-updates/supply-point-administration-agreement-spaa-cp15292-theft-risk-assessment-service-implementation-and-cp15295-theft-risk-assessment-service-retrospective-funding">https://www.ofgem.gov.uk/publications-and-updates/supply-point-administration-agreement-spaa-cp15292-theft-risk-assessment-service-implementation-and-cp15295-theft-risk-assessment-service-retrospective-funding</a>
7	SVG178 page on the ELEXON website	<a href="https://www.elexon.co.uk/meeting/svg-178/">https://www.elexon.co.uk/meeting/svg-178/</a>
10	SVG180 page on the ELEXON website	<a href="https://www.elexon.co.uk/meeting/svg-180/">https://www.elexon.co.uk/meeting/svg-180/</a>