

CP Progression Paper

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

ELEXON



Committee

Supplier Volume Allocation Group



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About This Document

This document provides information on new Change Proposal (CP) CP1452 and outlines our proposed progression timetable for this change, including when it will be issued for CP Consultation in the next suitable Change Proposal Circular (CPC) batch.

We are presenting this paper to capture any comments or questions from Supplier Volume Allocation Group (SVG) Members on this CP before we issue it for consultation.

There are three parts to this document:

- This is the main document. It provides a summary of the solution, impacts, anticipated costs, and proposed implementation approach, as well as our proposed progression approach for this CP.
- Attachment A contains the CP1452 proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP1452 solution.

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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 3-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



What is a licence condition?

Licence conditions apply to electricity licensees and gas licensees. They place rules on how holders can operate within their licence.

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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 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. A decision on this wording is due to be made in January 2016, with the licence change taking effect from 1 April 2016 if approved.

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 proposes changes to BSCP502 4.1.8 which will:

- 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 will remove 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.

SVG consideration of Measurement Class E obligations

We are seeking views from SVG Members on the Meter inspection obligations for Measurement Class E Meters, prior to CP1452 being issued for CP Consultation. We are asking 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).

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

The proposed redlined changes to BSCP502 can be found in Attachment B.

3 Impacts and Costs

Central impacts and costs

Central impacts

CP1452 will require changes to BSCP502. There are no central system impacts required 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">BSCP502	<i>None</i>

Central costs

The central implementation costs for CP1452 will be approximately £240 (1 man day) for ELEXON to implement the required document changes.

BSC Party & Party Agent impacts and costs

There are no BSC Party or Party Agent impacts and costs anticipated as a result of CP1452 being implemented. However, this will be confirmed when the change is issued for industry consultation.

4 Implementation Approach

Recommended Implementation Date

CP1452 is proposed for implementation on **30 June 2016** as part of the June 2016 BSC Systems Release.

A decision on Ofgem's revised licence condition wording is due to be made in January 2016, with the licence change taking effect from 1 April 2016 if approved. 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.

5 Proposed Progression

Progression timetable

The table below outlines the proposed progression plan for CP1452:

Progression Timetable	
Event	Date
CP Progression Paper presented to SVG for information	01 Dec 15
CP Consultation	07 Dec 15 – 08 Jan 16
CP Assessment Report presented to SVG for decision	02 Feb 16
Proposed Implementation Date	30 Jun 16 (Jun 16 Release)

CP Consultation questions

We intend to ask the standard CP Consultation questions for CP1452. We do not believe any additional questions need to be asked for this CP.

Standard CP Consultation Questions
Do you agree with the CP1452 proposed solution?
Do you agree that the draft redlining delivers the CP1452 proposed solution?
Will CP1452 impact your organisation?
Will your organisation incur any costs in implementing CP1452?
Do you agree with the proposed implementation approach for CP1452?

6 Recommendations

We invite you to:

- **NOTE** that CP1452 has been raised;
- **NOTE** the proposed progression timetable for CP1452;
- **AGREE** the appropriate Meter inspection requirements (if any) for Measurement Class E, for inclusion in the CP solution; and
- **PROVIDE** any other comments or additional questions for inclusion in the CP Consultation.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure (<i>code subsidiary document</i>)
CP	Change Proposal
CPC	Change Proposal Circular
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
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 of Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions
2	July 2015 Ofgem consultation	https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/reforming_suppliers_meter_inspection_obligations_final_0.pdf
2	BSCP webpage	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/4/?show=10&type
2	Smart metering webpage	https://www.elexon.co.uk/reference/smart-metering/
2	P272 Modifications webpage	https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/

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External Links		
Page(s)	Description	URL
2	P272 Implementation webpage	https://www.elexon.co.uk/p272-mandatory-half-hourly-settlement-profile-classes-5-8/
2	CoP webpage	https://www.elexon.co.uk/bsc-related-documents/related-documents/codes-of-practice/
3	P300 Modification webpage	
3	CP1431 webpage	https://www.elexon.co.uk/change-proposal/cp1431/
4	CP1432 webpage	https://www.elexon.co.uk/change-proposal/cp1432/
4	Final Ofgem licence condition change proposal	https://www.ofgem.gov.uk/publications-and-updates/reforming-suppliers-meter-inspection-obligations-final-proposals?utm_medium=email&utm_source=dotMailer&utm_campaign=Daily-Alert_16-11-2015&utm_content=Reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations%20%e2%80%93%20final%20proposals&dm_i=1QCB,3TQ3Q,F31DPQ,DS9WJ,1
4	TRANS webpage	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