

# Assessment Procedure Consultation Responses

## P346 'Changes to Specified Charges for Elective Half Hourly (HH) Meters'

This Assessment Procedure Consultation was issued on 31 August 2016, with responses invited by 19 September 2016.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Smartest Energy	1	Supplier
TMA	1	NHHDC, NHHDA, HHDC and HHDA
British Gas	1	Supplier
EDF Energy plc; EDF Energy Nuclear Generation Ltd; EDF Energy Customers Plc; Jade Power Generation Ltd; West Burton Ltd; EDF Energy (West Burton Power) Ltd	2/3	Generator, Supplier, ECVNA, MVRNA, Supplier Agent
OVO Energy	1	Supplier

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Question 1: Do you agree with the Workgroup's initial unanimous view that P346 does better facilitate the Applicable BSC Objectives than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
4	0	1	0

## Responses

Respondent	Response	Rationale
Smartest Energy	Yes	-
TMA	Yes	P346 does better facilitate Applicable BSC objective c by facilitating Suppliers' competition. They will be better able to offer innovative products and tariffs to their customers. It also better facilitate BSC Objective d by facilitating HH settlement for domestic sites, therefore improving settlement accuracy.
British Gas	Yes	We agree with the workgroups view that the BSC objectives 'C' and 'D' are better facilitated than the current baseline for the reasons provided by the workgroup.
EDF Energy	Neutral	<p>The proposal has an advantage in being simple and understandable, and in being equitable between HH and NHH metering for any given site, and this might help it better meet BSC Objectives (c) concerning competition and (d) concerning efficiency in implementation of the BSC arrangements.</p> <p>Given that SVA HH and NHH meter data are processed in highly aggregated form within BSC central systems, the central costs are not obviously dependent either on the number of individual meters or supplier volume shares, both of which represent practical rather than cost-reflective charging approaches.</p> <p>The additional complexity of the SVA NHH arrangements, particularly profiling, involves additional costs, and it could be considered reasonable for the population of NHH meters to contribute proportionally more towards the central SVA costs than the SVA HH population. The proposal as consulted on would achieve this while</p>

Respondent	Response	Rationale
		the NHH population remains much larger, although not in a quantifiably cost-reflective basis. A more cost-reflective charging approach would be more complicated, and the benefits may well not justify the costs and complexity.
OVO Energy	Yes	Yes

Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P346?

### Summary

Yes	No	Neutral/No Comment	Other
3	0	2	0

### Responses

Respondent	Response	Rationale
Smartest Energy	No Comment	-
TMA	Yes	
British Gas	Yes	
EDF Energy	Neutral	Not checked in detail, but the legal text appears to achieve the intent of the proposal as set out in the assessment consultation document (which in proposing a simple charge per MPAN is rather different to the originally raised proposal).
OVO Energy	Yes	No further comments

## Question 3: Do you agree with the Workgroup's recommended Implementation Date?

### Summary

Yes	No	Neutral/No Comment	Other
4	0	1	0

### Responses

Respondent	Response	Rationale
Smartest Energy	Yes	
TMA	Yes	We support an implementation date of March 2017 to ensure it is in place at the start of the new financial year.
British Gas	Yes	
EDF Energy	Neutral	Implementation for 01 April 2017 appears achievable, but we would like to see estimates of the expected charges, which ought to be simply estimable, as early as possible and certainly from as soon after any approval is given or no later than the end of 2016. (£2.25m/29m meters = 0.0776 £/meter/year?)
OVO Energy	Yes	Yes

Question 4: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P346 which would better facilitate the Applicable BSC Objectives?

Yes	No	Neutral/No Comment	Other
4	0	1	0

## Responses

Respondent	Response	Rationale
Smartest Energy	Yes	-
TMA	Yes	The workgroup explored all possible options.
British Gas	yes	We believe the current solution better facilitates the BSC Objectives and is an improvement on the original potential solutions raised as a part of the modification.
EDF Energy	Neutral	<p>Allocation of the part of costs allocated to the SVA arrangements could be made simply by SVA volume share, as is often the approach when costs cannot easily be allocated cost-reflectively. This would also be relatively simple and understandable, and equitable between SVA energy volumes. However, it would give pass-through cost increases to larger HH customers, without any clear cost-reflective basis.</p> <p>An attempt could be made to allocate the costs of central SVA processes more cost-reflectively, for example according to the development and operational costs of different parts of the central SVA processes, and the number and size of data flows requiring to be processed within central systems for each participant. A more cost-reflective charging approach would be more complicated, and the benefits may well not justify the costs and complexity.</p>
OVO Energy	Yes	Yes

Question 5: Do you agree that P346 meets the Self-Governance Criteria and so should be progressed as a Self-Governance Modification?

## Summary

Yes	No	Neutral/No Comment	Other
4	0	1	0

## Responses

Respondent	Response	Rationale
Smartest Energy	Yes	
TMA	Yes	
British Gas	Yes	We agree that this modification does meet the Self-Governance Criteria.
EDF Energy	Neutral	The materiality and competitive impact are relatively minor, suggesting suitability for self-governance, particularly if the changes are non-controversial. However, the aim of the proposal is to elicit a material response in increased numbers of elective HH meters, which if successful would be material and could impact significantly on competition. Under a strict interpretation of the criteria for self-governance, the proposal should probably not be determined by self-governance.
OVO Energy	Yes	No further comments

## Question 6: Will P346 impact your organisation?

### Summary

Yes	No	Neutral/No Comment	Other
1	3	1	0

### Responses

Respondent	Response	Comments
Smartest Energy	Neutral	Operationally no. Financially, very very marginally.
TMA	No	
British Gas	No	No we will not experience any impact or require any changes to implement this.
EDF Energy	Yes	Yes. Changes to the level of charges for registered SVA meters will affect the forecasting of costs and the price-determination process for customer contracts. Cost changes would be reflected in contract renewals and future customer prices. Our initial expectation is that the impacts would be relatively small and easily manageable provided sufficient notice is given, and the materiality very small for most customers.
OVO Energy	No	



## Question 7: Will your organisation incur any costs implementing P346?

### Summary

Yes	No	Neutral/No Comment	Other
1	4	0	0

### Responses

Respondent	Response	Comments
Smartest Energy	No	
TMA	No	
British Gas	No	
EDF Energy	Yes	Yes. Our initial expectation is that the impacts would be relatively small and easily manageable provided sufficient notice is given.
OVO Energy	No	Not to the best of our knowledge

## Question 8: Do you agree with the proposed implementation approach for P346?

### Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

### Responses

Respondent	Response	Comments
Smartest Energy	Yes	
TMA	Yes	
British Gas	Yes	
EDF Energy	Yes	Implementation in March 2017 for effect in April 2017 would be acceptable provided estimates of charges are made before the end of 2016. This should allow sufficient time to include cost changes in cost forecasting and customer pricing.
OVO Energy	Yes	

## Question 9: Do you have any further comments on P346?

### Summary

Yes	No	Neutral/No Comment	Other
1	4	0	0

### Responses

Respondent	Response	Comments
Smartest Energy	No	
TMA	No	
British Gas	No	
EDF Energy	Yes	<p>How will meters which change supplier during a month be charged? The detailed solution should avoid double charging. For example, a charge based on numbers registered to a supplier on a particular day of the month. The charge is sufficiently small that there shouldn't be significant incentive to try to move switching to influence charges.</p> <p>We assume counts of MPANs will include import and export meters, and complex site arrangements would count simply according to the number of registered MPANs.</p> <p>How will cost-recovery mismatches be managed by Elexon? Will they be wrapped up in net main costs during the year, or somehow reconciled after year end?</p>
OVO Energy	No	