

Assessment Procedure Consultation Responses

P347 'Relaxing R1 Read performance'



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

This Assessment Procedure Consultation was issued on 30 September 2016, with responses invited by 19 October 2016.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Smartest Energy	1/0	Supplier
Imserve Europe	0/1	HH & NHH DC/DA and MOP
Western Power Distribution	1/0	Distributor
TMA Data Management Ltd	0/1	NHHDC, NHHDA, HHDC, HHDA
E.on Energy Solutions	1/0	Supplier
OVO ELECTRICITY LTD (OVOE)	1/0	Supplier
Scottish Power	1/0	Supplier
Citizens Advice	0/0	Statutory Watchdog
SSE Energy Supply Limited	1/0	Supplier
British Gas	1/0	Supplier
ENGIE	1/0	Supplier
Npower	1/0	Supplier
UTILITA (NB only submitted comments not votes)	1/0	Supplier
Stark Software International Ltd	0/1	Supplier Agent NHH & HH DC/DA

P347
Assessment Consultation
Responses

20 October 2016

Version 1.0

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Question 1: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P347?

Summary

Yes	No	Neutral/No Comment	Other
10	1	1	1

Responses

Respondent	Response	Rationale
Smartest Energy	No Comment	-
Imserve Europe	No	E should be treated the same as F and G. The only rationale for making a distinction seems to be the difference in the numbers of MPANs and the average demand. However, all are former NHH sites. There are also practical difficulties with making a distinction if P339 is rejected. Why bother creating (or even contemplating creating) extra CCCs just to implement this modification?
Western Power Distribution	Yes	
TMA Data Management Ltd	Yes	
E.on Energy Solutions	Yes	Yes
OVO ELECTRICITY LTD (OVOE)	Yes	
Scottish Power	Yes	Agree
Citizens Advice	N/A	Not applicable – we have not reviewed the draft legal text.
SSE Energy Supply Limited	Yes	We are supportive of the Proposed Solution and agree the legal text is appropriate.
British Gas	Yes	
ENGIE	Yes	
npower	Yes	We agree with the legal drafting and that P347 should not include measurement class E as the primary focus of the change should relate to smart meters.
Stark Software International Ltd	Yes	The draft legal text in Attachment A appears to align with the proposed solution outlined in the consultation document. It identifies the reduction to

Respondent	Response	Rationale
		90% as being only for Measurement Classes "F" and "G", whilst maintaining the 99% requirement for Measurement Class "E".

Question 2: Do you have any potential Alternative Modifications within the scope of P347 which would better facilitate the Applicable BSC Objectives?

Summary

Yes	No	Neutral/No Comment	Other
2	10	1	

Responses

Respondent	Response	Rationale
Smartest Energy	No	-
Imserve Europe	No	
Western Power Distribution	No	
TMA Data Management Ltd	Left Blank	<p>The processes in place are perfectly adequate. EFR allows the monitoring of error/Failure progression and the steps put in place to address the root cause(s).</p> <p>It allows the PAB and the rest of the Industry to be re-assured that issues are being addressed. We are concerned that lowering performance levels is a green light to stop trying, even on a temporary basis.</p>
E.on Energy Solutions	No	
OVO ELECTRICITY LTD (OVOE)	No	<p>We believe that the main proposal that would apply this charge to both measurement classes F and G is the best option. We think this proposal best meets Ofgem's requirements as set out in Ofgem's Elective Half Hourly Settlement Conclusions Paper.</p> <p>However we also understand that some commercial suppliers have concerns about making changes to measurement class G. We would therefore support a solution that applies only to measurement class F if it becomes apparent that the main proposal that would apply to both F and G raises concerns.</p>
Scottish Power	No	None
Citizens Advice	Yes	We have sympathies with Alternative Modification 1 highlighted on page 14 – simply allowing PAB to use its discretion in the enforcement of the R1 requirement. This would appear to us to allow more flexibility in responding to any roll-out issues

Respondent	Response	Rationale
		than setting an arbitrary replacement R1 target.
SSE Energy Supply Limited	No	
British Gas	No	
ENGIE	No	
npower	No	
Stark Software International Ltd	Yes	<p>We believe that the Alternate proposed solution in the consultation document; applying the reduction to Measurement Class "F" only, would better facilitate the applicable BSC Objectives. This is primarily because the intention of the modification is to remove barriers to Elective HH Settlement (EHHS) and Measurement Class "F" is where the vast majority of SMETS 1 meters will be placed, should a supplier opt for EHHS. This would also remove any unnecessary reduction in performance for Advanced metering in MC "G" and keeps the distinction between the two. Moreover, we would also argue for a lesser reduction to 95% as this would keep the incentive to rectify meter/comms faults in a timely fashion, improving consumer experience.</p> <p>The above better facilitates Objectives c) and d) as it allows providers to offer a high quality service for Classes "E" and "G", thus encouraging competition and greater choice for the consumer, as well as minimising the need for unnecessary estimation by limiting the reduction to one MC.</p> <p>Please refer to our answers to Qs 3, 6 and 7 for more detailed rationale.</p>

Question 3: Will P347 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
6	7		

Responses

Respondent	Response	Rationale
Smartest Energy	Yes	There ought to be a reduction in Agent costs
Imserve Europe	Yes	Whilst impacted, the scale of that impact is minimal with minor changes to reporting needed
Western Power Distribution	Yes	The impact will be limited – we would receive less data based on actuals at R1 but this is no different to when they were NHH Profile Class 5 - 8
TMA Data Management Ltd	Yes	As HHDC and HHDA. It will make life much more complex and difficult to operate to separate standards, it is cheaper to operate a single first class post, rather than introduce another standard, separating out the second class mail and managing that differently.
E.on Energy Solutions	No	
OVO ELECTRICITY LTD (OVOE)	No	No negative day-to-day impact is projected. If we were to engage with elective half-hourly settlement as a supplier, reporting on reads for sites of different measurement classes would be developed regardless of the modification; there is, therefore no projected impact.
Scottish Power	Yes	ScottishPower will be measured by HH performance targets at R1, as with the other Settlement Runs. Therefore any change in performance target will impact.
Citizens Advice	Yes	<p>P347 would water down the requirements for the number of elective HH systems that are being settled based on actual meter reads at the R1 settlement run, which takes place approximately two months after the relevant settlement date, although these meter points may be read more frequently than they would be if they were still settled NHH.</p> <p>In 2015, our England and Wales bureaux logged 11,602 consumer advice requests in relation to energy billing and metering issues. Billing is also</p>

Respondent	Response	Rationale
		the single biggest energy concern resulting in calls to the Citizens Advice Consumer Service helpline. Anything that has the scope to increase, or decrease, billing and metering problems will impact on our organisation, and on the consumers we represent, accordingly.
SSE Energy Supply Limited	No	There is a positive benefit insomuch that it would, for the sake of meeting this BSC requirement, reduce the urgency of field visits to manage metering/ site issues where a reading cannot be gained in R1. It is difficult to assess the financial materiality of this benefit but it does mitigate a potential risk and this is where we see the value of this modification.
British Gas	No	We would continue to manage the E,F and G Measurement Class performance as we do today.
ENGIE	Yes	This impact will be minimal. We will still endeavour to obtain meter readings before R1 to ensure accurate billing. However a reduced performance level would reduce the pressure to resolve hard to access sites, thus reducing the resource impact on affected MPANs.
npower	No	P347 in itself by reducing the performance measure from 99% to 90% for R1 will not impact our organisation. However, meeting the 90% performance will still require considerable effort and resource.
Stark Software International Ltd	No	We don't anticipate this affecting us in any way as we would continue to strive for 99%. It is not easy to intentionally aim for a lower standard, as a DC/DA we will gather as many Actual Reads as possible and raise faults as soon as they transpire, with the expectation that the MOP will fix them with similar urgency. It is not in anyone's interest, least the customer's, to leave a meter/comms fault outstanding longer than necessary, as the rationale used to support this reduction suggests.

Question 4: Will your organisation incur any costs in implementing P347?

Yes	No	Neutral/No Comment	Other
1	11		1

Responses

Respondent	Response	Rationale
Smartest Energy	No	-
Imserve Europe	Yes	Costs of minor reporting changes
Western Power Distribution	No	
TMA Data Management Ltd	No	We do not intend to lower our standards
E.on Energy Solutions	No	
OVO ELECTRICITY LTD (OVOE)	No	See Above (previous question)
Scottish Power	No	No costs
Citizens Advice	Possibly	<p>As an advice provision body, we are likely to be impacted by any initiative that affects the quality of service that consumers receive – complaints and concerns drive traffic to our bureau and website as consumers seek advice.</p> <p>It is impossible to provide a robust assessment of any costs that would result from this proposal at this time though. In a best case scenario, assuming suppliers significantly outperform the 90% target, and that the lack of financial incentives/penalties in the BSC associated with compliance meant that resolution of problems was unchanged by the BSC provisions (i.e. that external incentives to resolve problems dwarfed code ones), our costs may not change or could even reduce. In a worst case scenario, if the number of elective HH points materially expanded, and read performance was as low as 90% after two months, it is possible that it could result in an increase in the number of consumer contacts we have from consumers experiencing billing problems or other frustrations caused by non-functioning smart metering. These could easily result in £five-figure additional annual costs to our organisation.</p>

Respondent	Response	Rationale
SSE Energy Supply Limited	No	Some policy documents would be revised but this is not a material impact.
British Gas	No	
ENGIE	No	
npower	No	If P339 is implemented then no. If P339 is rejected and P347 was approved then we would need to make system changes to allow for the splitting of measurement classes.
Stark Software International Ltd	No	We will not implement any new processes or systems to cope with P347.

Question 5: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
10	1	2	

Responses

Respondent	Response	Rationale
Smartest Energy	Yes	
Imserve Europe	Yes	
Western Power Distribution	Yes	
TMA Data Management Ltd	No	We do not support P347; we therefore do not support the proposed implementation date of June 2017.
E.on Energy Solutions	Yes	
OVO ELECTRICITY LTD (OVOE)	Neutral	<p>Our preference is the first of April. we believe that a 1st April 2017 implementation date is desirable for the following reasons:</p> <p>a) central system changes are broadly aligned with those of P339;</p> <p>b) there should be minimal industry impact; and</p> <p>c) there is an ad-hoc release scheduled for 1st April 2017 including implementation of proposed modification P339 (pending panel decision)</p> <p>However, we do not foresee detrimental impacts if implementation is delayed to June 2017 and recognise that an earlier release may provide a development challenge.</p>
Scottish Power	Yes	Agree
Citizens Advice	Yes	Although we are yet to be persuaded this proposal should be made, if it were to be approved then June 2017 appears to be a reasonable implementation timetable.
SSE Energy Supply Limited	Yes	We accept the recommendation of 29 June 2017. If P339 is approved with an implementation date of 1 April 2017 then we would be equally supportive of

Respondent	Response	Rationale
		P347 being targeted for the April date.
British Gas	Yes	
ENGIE	Yes	
npower	Yes	
Stark Software International Ltd	Yes	No comments.

Question 6: Do you agree with the Workgroup's initial view that 90% is an appropriate reduction in Performance Level at R1?

Summary

Yes	No	Neutral/No Comment	Other
9	4		

Responses

Respondent	Response	Comments
Smartest Energy	Yes	
Imserve Europe	Yes	
Western Power Distribution	Yes	
TMA Data Management Ltd	No	We do not support the lowering of the performance standards. We don't understand the rationale. Initially HH settlement will be elective; Suppliers only have to perform the Change of Measurement Class when they know the site works Half Hourly. If there is the odd fault what possible impact could a domestic site have on overall HH settlement performance? We expect DCC to work, largely, there will be the odd faults, but the impact on settlement performance will be very minor for the odd domestic premise.
E.on Energy Solutions	Yes	We agree with the workgroups view that 90% provides sufficient reduction to deliver the aims of the modification without being detrimental to overall performance.
OVO ELECTRICITY LTD (OVOE)	Yes	<p>OVO believes that too stringent a target for read performance level for half hourly sites may discourage some suppliers from engaging with introducing elective half hourly settlement.</p> <p>The proposal to introduce half hourly settlement for domestic and potentially smaller commercial sites, will vastly improve the accuracy and efficiency of energy settlement in the market. The proposal to reduce the read performance level at R1 needs therefore to be viewed in the context of the greater benefits that facilitating half hourly settlement will bring.</p> <p>The current read performance level for non half hourly (NHH) sites at the RF settlement run is 97%. Achieving this target means that 97% of all NHH sites record one accurate reading in a 14 month</p>

Respondent	Response	Comments
		<p>period. By comparison a half hourly settled site that achieves a target of 90% read accuracy over the same period would have been read in excess of 18,000 times within that same period.</p> <p>The massive increase in the accuracy of settlement as a result of introducing half hourly settlement should therefore form the context within which this modification should be considered. In light of the vast improvement in settlement accuracy that we anticipate at the the 90% performance level we feel that the proposal to relax the performance level for HH domestics sites to 90% represents a good balance between relaxing the standard so as to remove a potential barrier to facilitating half hourly settlement not relaxing the performance level to the extent that settlement is negatively impacted. We also believe that a 90% target remains tough enough that there will be no detrimental impact to settlement, and that suppliers of existing measurement class G sites will retain the incentive to submit accurate and timely data to settlement.</p>
Scottish Power	Yes	Scottish Power believe that 90% is a reasonable performance target, which ensures that the majority of sites in MC F and G are performing correctly, whilst giving the opportunity to address any technical issues in a cost-effective manner.
Citizens Advice	No	<p>No. No robust evidence has been brought forward to support a 90% threshold, as indeed the workgroup itself notes (page 10):</p> <p><i>'Workgroup members highlighted concerns that the Modification seemed to be based on 'fear of the unknown'. A member suggested that this Modification was not the key to HH Settlement and there are bigger barriers. There is no current evidence that sites Elected into HH Settlement are failing to hit the existing 99% Performance Level.'</i></p> <p>In the period since this modification was raised we have spoken with several suppliers on their actual and expected (near future) performance level for smart meter reads and while these conversations have suggested genuine anxiety about hitting a 99% target in a mass roll-out environment, they have also suggested that R1 read success well in excess of 90% is both being achieved, and anticipated. This evidence is anecdotal, and based on a limited number of discussions, but has not left</p>

Respondent	Response	Comments
		<p>us with the impression that 90% is a challenging bar.</p> <p>We recognise that suppliers face an incredibly challenging job in the mass rollout of smart meters. We are also sympathetic to the case that an infrastructure deployment on this scale will almost inevitably have teething problems. We therefore recognise that there may be a case for some flexibility in the use of performance assurance and enforcement tools to make reasonable allowance for this. We would not expect Ofgem to take enforcement action against a supplier making all reasonable endeavours to hit the 99% target as this would be unlikely to be proportionate, though we recognise that suppliers may be naturally reluctant to run the risk of finding out. But as context, we note that technically any failure to comply with any code provision is a proxy licence breach, but we are unaware of Ofgem ever having taken licence enforcement action for code breaches despite the sheer volume of code obligations meaning that most if not all code signatories will have failed to comply with some code provision at some time. The licence enforcement risk may therefore be overstated.</p> <p>While reducing the R1 read threshold could reduce the costs of site visits and fault rectification (as highlighted on page 5), we think this only provides a partial picture of the modifications costs and benefits. If the new 90% target is only just met, this would mean that 10% of elective HH metering points are being read less than once every ~two months. Supplier billing frequency varies, but in many cases is already on a monthly cycle¹, and consumer polling suggests a preference for monthly billing in a smart meter world (see question 7). In combination, this appears to raise the prospect of large numbers of consumers with smart meters continuing to be billed on estimated meter reads.</p> <p>Such a situation is likely to drive call centre traffic, both to suppliers and to us. It may reduce the value of smart metering to those affected consumers if their initial experience is poor, because first impressions count. It may also adversely affect the viability of the wider smart roll-out programme if a perception emerges that large numbers of installs do not initially work. It is worth pointing out</p>

¹ We publish information on our understanding of suppliers' billing cycles on our website, [here](#).

Respondent	Response	Comments
		<p>that accurate billing is seen by consumers as the biggest single benefit of smart meter rollout, with polling suggesting that 69% of consumers see it as such.²</p> <p>In essence, the current assessment implies there are only cost savings associated with dropping the threshold but we think there may be added costs too. The balance between the two is unclear based on current evidence, but we are insufficiently persuaded of a net saving to be in a position to support this modification at this time.</p>
SSE Energy Supply Limited	Yes	<p>The figure of 90% is reasonable and we support it. Given the intention of this modification is primarily to address an anticipated future risk we believe there is limited scope for meaningful analysis to arrive at an alternative figure. In the absence of such analysis we do not believe there is a clear rationale for arguing that the 90% is too low or too high.</p>
British Gas	No	<p>We believe the proposed performance is an arbitrary value without a basis on fact or analysis. It has not been proven that a performance reduction will reduce the cost to serve customers settled as HH.</p> <p>The Sunset clause will mean that the performance target will revert back to 99% at R1 so if there is a benefit it will only be on a short term basis.</p> <p>A reduction to 90% would be a retrograde step and would set a precedent that it is acceptable to reduce Settlement Performance requirements. Suppliers currently have to monitor Performance in these Measurement Classes and complete remedial actions if they drop below the 99% requirement. Reducing this to 90% will allow too much leniency on Suppliers and result in Settlement issues not being resolved for long periods of time.</p>
ENGIE	Yes	
npower	Yes	
Stark Software International Ltd	No	<p>We feel that this is too great a reduction in performance to support the objectives Ofgem are trying to achieve through encouraging Elective HH Settlement. For a consumer (and supplier) to get</p>

² Comres for Citizens Advice, January 2016. Data tables available [here](#).

Respondent	Response	Comments
		<p>the greatest benefit from HH Settlement, highly accurate data needs to be available as close to consumption as possible. This supports accurate billing, demand side response activities and consumer engagement with energy use – as seen in the traditional HH market. Encouraging a much lower performance standard jeopardises this, especially when it justifies leaving outstanding meter/comms faults for longer than necessary, which is contrary to the interests of consumers.</p> <p>Whilst we understand the concern that achieving this standard with a much higher volume of meters (potentially millions, rather than hundreds of thousands) and reduced MOP capacity might be challenging, we would argue that this pre-empt the fact and suggest a lesser reduction of 95% initially. If this proves too difficult then it can be reduced again to 90%.</p>

Question 7: Do you agree that a reduction in R1 Performance Level from 99% to 90% will encourage you to utilise Elective HH Settlement?

Summary

Yes	No	Neutral/No Comment	Other
5	5	2	1

Responses

Respondent	Response	Comments
Smartest Energy	No	
Imserve Europe	Yes	
Western Power Distribution	N/A	
TMA Data Management Ltd	Left Blank	No comment. Supplier question.
E.on Energy Solutions	Yes	In the context of removing perceived barriers we are supportive of the proposal.
OVO ELECTRICITY LTD (OVOE)	Yes	The target is more achievable for a non-half hourly supplier.
Scottish Power	Neutral	This would reduce the risk of potential EFR plans to correct any issues that may arise through the smart meter rollout, which does encourage uptake of elective HHS.
Citizens Advice	No	<p>We agree that a reduction in the R1 performance level would reduce risk to suppliers of failing to comply with a code provision and ending up in proxy licence breach. It may therefore make it more attractive for suppliers to offer time of use products and to opt in to elective HH settlement.</p> <p>However, we think the attractiveness of such propositions to consumers are likely to be reduced if there is an increased chance they are still receiving estimated bills as a result of poorer meter read frequency.</p> <p>We have appended to this submission the results of Omnibus polling conducted for us in February 2015 showing consumers views on continuing to receive estimated bills in a smart meter world. These show quite clearly that consumers would not be happy about this and would likely consider complaining to their supplier (and to a lesser extent to consumer</p>

Respondent	Response	Comments
		bodies such as us) if this were the case. Around 60% said they would be quite unsatisfied or very unsatisfied if there were still billed on estimates, with a very similar percentage saying they would complain to their supplier if that were the case. The majority of consumers said that they would put up with this for no more than a month before taking action (whether complaining to their supplier, switching supplier, complaining to statutory bodies or other). More than half consumers had a preference for receiving monthly bills, a frequency that the industry will struggle to deliver on if the targets for the number of meter points settled on actual meter reads is watered down in the industry codes.
SSE Energy Supply Limited	Yes	Yes. We view this as a relatively small matter in the context of whether or not to utilise Elective HHS; it does however make some contribution to meeting the aims of reducing costs.
British Gas	No	We do not see the 99% R1 performance Level as a disincentive.
ENGIE	Yes	This will certainly move one of the obstacles in moving supplies to elective HH settlement. However the main drivers will continue to be customer preference and commercial benefit.
npower	No	P347 itself will not encourage npower to take up Elective HHS. There are many factors we would consider to determine if we would offer EHHS.
Stark Software International Ltd	No	We would encourage Elective HH Settlement if the performance level remained at 99%. We don't see how such a reduction would encourage suppliers to offer EHHS for their customers either. They are incentivised by the fact that Supplier Charges for these HH Measurement Classes are exactly the same as what they are for NHH , meaning there is zero risk in utilising EHHS and huge improvements to Settlement at large. This already removes a significant financial barrier to the uptake of EHHS. Furthermore, as suppliers recover their Agent costs from the customer, plus in a lot of cases the customer contracts directly for these services, we would argue that it is not a genuine barrier to the uptake of EHHS.

Question 8: Do you agree with the Workgroups initial view that P347 should include a 'Sunset Clause'?

Summary

Yes	No	Neutral/No Comment	Other
12	1		

Responses

Respondent	Response	Comments
Smartest Energy	Yes	
Imserve Europe	Yes	The sunset clause needs to be far enough in the future for the SMETS2 rollout to have settled down. Choosing 1 st Jan 2020 is optimistic. Linking the date to SMETS1 enrolment capability is a mistake in our opinion.
Western Power Distribution	Yes	We agree with the Workgroups initial view that P347 should include a "Sunset Clause" as when settlement data can be provided by the DCC there is no reason why 90% data accuracy should be retained and should be returned to 99%.
TMA Data Management Ltd	Yes	Should P347 be approved, a Sunset Clause is a must.
E.on Energy Solutions	Yes	
OVO ELECTRICITY LTD (OVOE)	No	We do not believe that a sunset clause is necessary, as performance targets could be modified in the future if they were deemed to be inappropriate.
Scottish Power	Yes	Agree
Citizens Advice	Yes	<p>Given the considerable uncertainties about the scale of teething problems that may emerge during mass roll-out, it seems prudent that any revised target is time-limited rather than permanent.</p> <p>Firstly, because those teething problems should pass as technical solutions are found and as we move from the mass roll-out phase into a 'business as usual' phase.</p> <p>Secondly, because a significant part of the business case for smart metering is based on improving consumer experience. Continuing to bill consumers based on estimated reads for any longer than is necessary will dilute the value of their investment in this technology.</p>

Respondent	Response	Comments
		Thirdly, because it may reduce incentives on suppliers to improve data quality if a target materially lower than actual performance is embedded in the code in perpetuity.
SSE Energy Supply Limited	Yes	We agree this is a sensible solution because in the longer term we would expect the existing Performance Level to be met. This modification deals with an interim risk only
British Gas	Yes	We agree that the Sunset clause should exist. We do not think there should be a permanent reduction in targets if there is one.
ENGIE	Yes	
npower	Yes	Any reduction in performance level needs to be time-bound to a sensible date.
Stark Software International Ltd	Yes	The performance level should return to 99% as soon as reasonably possible. Indeed we would support moving the requirement to SF , rather than R1 .

Question 9: Do you agree with the Workgroups initial views on the trigger point for the 'Sunset Clause' and the 6 month window before the Performance Level returns to 99%?

Summary

Yes	No	Neutral/No Comment	Other
9	2	1	1

Responses

Respondent	Response	Comments
Smartest Energy	Yes and No	1st Jan 2020 seems sensible as a sunset date. However, we are unsure of the purpose of the 6 month window.
Imserve Europe	No	We feel that 180 days from being notified that the DCC has the capability to adopt SMETS1 meters is an insufficient period of time before the performance target reverts to 99%. Several factors may limit performance during that 180 day window: the DCC adoption process for SMETS1 meters may take longer than 180 days; the performance of SMETS1 meters following DCC adoption may reduce, temporarily or otherwise. Additionally the SMETS rollout programme will still be underway, limiting resources to attend site to improve performance. We think that the performance target should revert back to 99% after the completion of the SMETS2 rollout
Western Power Distribution	Yes	
TMA Data Management Ltd	No	We do not support the lowering of the performance standards.
E.on Energy Solutions	Yes	We suggest a trigger could be monitoring of actual performance to lead to a review potentially earlier than 6 months if performance shows that 90% is artificially low.
OVO ELECTRICITY LTD (OVOE)	Yes (if sunset clause is required)	As per previous, we do not believe that a sunset clause is necessary. In the event that a sunset clause is deemed necessary by industry, the trigger points are broadly acceptable. An earlier sunset clause date activation would not allow sufficient time for takeup of elective half hourly.
Scottish Power	Yes	The performance target should be reviewed at this point to consider what the reasonable target should be, reflective of the material risk to settlement for

Respondent	Response	Comments
		these sites.
Citizens Advice	Yes	<p>While we are not supportive of this proposal, if it is to go ahead we agree with the modification group that tying the sunset clause to a fixed date rather than a movable event would be appropriate, as it would provide for greater certainty.</p> <p>We think a six month transition window is possibly unnecessary and may complicate the proposal – there is a lack of detail in the Assessment Report on what would happen in this six month window (is it simply a grace period where the target is 99% but performance in the 90-99% bracket is not enforced? Is there a ratchet of intermediate targets, 92%, 94%, 96% etc in that window? Or does something else happen?) – but it is not our major area of concern with this proposal.</p>
SSE Energy Supply Limited	Yes	Yes. Ultimately, if the period of the reduced Performance Level is shown to be having a detrimental impact on Settlements then it can be revised, though we do not anticipate this will be required.
British Gas	Yes	We agree with the workgroup that the date for the Sunset Clause should have a fixed date to ensure the reduction exists for an appropriate amount of time. We believe the 6 month window following the DCC SMETs 1 capability is appropriate.
ENGIE	Yes/No	<p>1st January 2020 gives enough of a lead time to judge the take-up of elective HH, judge if mandatory HH is a reality and if a 99% performance standard remains a perceived barrier for HH settlement.</p> <p>A 6 month window to implement the return to 99% seems sensible.</p>
npower	Yes	
Stark Software International Ltd	Yes	We have no view on this.

Question 10: Do you agree with the Workgroups recommended solution that 90% at R1 should only be applied to Measurement Classes "F" and "G"?

Summary

Yes	No	Neutral/No Comment	Other
10	3		

Responses

Respondent	Response	Comments
Smartest Energy	No	E should be treated the same as F and G. The only rationale for making a distinction seems to be the difference in the numbers of MPANs and the average demand. However, all are former NHH sites. There are also practical difficulties with making a distinction if P339 is rejected. Why bother creating (or even contemplating creating) extra CCCs just to implement this modification?
Imserve Europe	Yes	
Western Power Distribution	Yes	There is no need to relax Read Performance for traditional HH and the 90% Read Performance should only be applied to what was traditionally settled on a NHH basis.
TMA Data Management Ltd	No	We do not agree with the lowering of the performance standard for MC F and G or any other.
E.on Energy Solutions	Yes	This is a sensible step.
OVO ELECTRICITY LTD (OVOE)	Yes	A very small number of profile class 3 and 4 sites have installed CT meters, and would be entered into measurement class E if the supplier opted for half hourly settlement. However, the vast majority of measurement class E sites would be existing half hourly meters, and we do not believe that a reduction in performance targets for these sites is necessary or desirable.
Scottish Power	Yes	Agree
Citizens Advice	Yes	The explanation of the proposed exclusion of Measurement Class E on page 13 suggests that it is driven by a dependency on changes being made by another modification, P339, and a concern that its inclusion would therefore heighten the risk that P347 was incapable of approval.

Respondent	Response	Comments
		While we are not supportive of this proposal at this time, we recognise that Ofgem's views may differ and that it is important that proposed modifications delivered to it for decision are capable of being implemented (even if the regulator subsequently decides to reject the proposal having received the report). For reasons of procedural best practice, we therefore support this solution.
SSE Energy Supply Limited	Yes	Elective HHS arrangements could apply to meters in Measurement Classes 'F' or 'G' therefore we support the reduction being applied to both of these Measurement Classes. It would not seem appropriate to use the Elective HHS arrangements and have different Performance Levels based, to a fair extent, on whether it is a Domestic or Non-Domestic property.
British Gas	Yes	Yes we agree that if a reduction was to be applied that it should only be applied to MC F and G.
ENGIE	Yes	
npower	Yes	
Stark Software International Ltd	No	Please see answers to Question 2 and 6 . We believe the reduction should only be applied to Measurement Class " F " and that it should be to 95% .

Question 11: Do you agree with the Workgroup's initial unanimous view that P347 does better facilitate the Applicable BSC Objectives than the current baseline?

Summary

Yes	No	Neutral/No Comment	Other
9	4		

Responses

Respondent	Response	Comments
Smartest Energy	Yes	
Imserve Europe	Yes	
Western Power Distribution	yes	Agree that P347 better facilitates Applicable BSC Objective (c)
TMA Data Management Ltd	No	The delivery of high quality data into Settlement is certainly not a barrier to competition; on the contrary, it is the driver for Suppliers choosing to move domestic sites to Half-Hourly settlement. If the performance standards are lowered, it is likely that Supplier will re-consider plans to move to Half-Hourly Settlement therefore lowering the potential for competition.
E.on Energy Solutions	Yes	
OVO ELECTRICITY LTD (OVOE)	Yes	Objective c): We believe that implementation of P347 will promote competition by encouraging take up of elective half hourly settlement among suppliers. This in turn will encourage the development of innovative products linked to half-hourly settlement, offering consumers greater choice. Objective d): Implementation of P347 will encourage suppliers to switch sites to half hourly measurement classes, thus decreasing the non-half hourly profiled volume. This will improve settlement accuracy and result in more efficient implementation of settlement arrangements
Scottish Power	Yes	Agree
Citizens Advice	No	On balance, we do not agree. We accept that there is a case that this proposal may reduce some supplier costs both by reducing the urgency with which communication or meter

Respondent	Response	Comments
		<p>failure problems are sorted out, and by reducing perceived enforcement risk associated with having a more challenging target. But we note that there has been no robust quantification of these savings.</p> <p>We also think the proposal ignores the risk of heightened costs elsewhere resulting from consumers having a poorer experience of smart metering than they otherwise would. While also hard to quantify, in extremis these could be highly material – the emergence of a public perception that suppliers are more concerned with getting meters screwed to walls than actually making them work could undermine confidence in smart meter rollout and make it far more difficult to meet smart rollout targets. An end to estimated billing is one of the fundamental value propositions underlying smart rollout and this proposal somewhat undermines that aspiration.</p> <p>It seems at least as likely to us that this proposal will increase whole system costs as decrease them. It also seems likely to us that it will dilute the attractiveness of smart propositions to consumers when compared to the baseline. We are therefore minded that it is more likely to have a negative impact than a positive one on the delivery of applicable code objectives (c) and (d).</p>
SSE Energy Supply Limited	Yes	<p>This modification is a pro-actively addressing a risk that has the potential to reduce the take up of Elective HHS arrangements. If a primary benefit of Elective HHS is to allow cost-reflective ToU tariffs then we agree that this modification contributes to developing a more competitive supply market (Applicable BSC Objective C)</p>
British Gas	No	<p>We do not believe that the change will better the BSC applicable objectives.</p> <p>Objective 'D' will not be met and will result in a Settlement being less accurate and efficient.</p> <p>A reduction will remove incentives on Suppliers to investigate performance issues as soon as they are identified and allow actions to be delayed until a Supplier might fall below the 90% requirement.</p> <p>The Proposal will only delay the applications of PATs for poor performance resulting in conversations around performance between Elexon and the Parties held at a stage when the Settlement Issues are already significant. The actions required to</p>

Respondent	Response	Comments
		<p>address this poor performance could also take longer presenting a higher material impact to Settlement over a longer period of time.</p> <p>We believe the proposal looks to unnecessarily reduce the performance target making Settlement less accurate when today's 99% target is achievable.</p>
ENGIE	Yes	
npower	Yes	We feel P347 better facilitates BSC objective C.
Stark Software International Ltd	No	<p>Objective C)</p> <ul style="list-style-type: none"> • No - Leniency in performance standards doesn't encourage competition • No – Lower commitment to quality of service means less choice for consumers <p>Objective D)</p> <ul style="list-style-type: none"> • Yes - Improves settlement for a large proportion of NHH supplies • No – Encourages more estimation than necessary

Question 12: Do you have any further comments on proposed Modification P347?

Summary

Yes	No	Neutral/No Comment	Other
4	1	7	

Responses

Respondent	Response	Comments
Smartest Energy	No	
Imserve Europe	No Comment	
Western Power Distribution	None	
TMA Data Management Ltd	Yes	<p>Smart Metering offers great benefits, one of which is the better accuracy of data in settlement without the need for a site visit. We are unsure why site visits are mentioned as one of the justifications for raising P347.</p> <p>If there are technical issues with some smart meters, it is critical that the effort is directed at fixing the issues, not lowering the standards. DCC has contractual obligations to address faults in a timely manner.</p> <p>Customers will have an expectation that the installation of a smart meter on their premises spares them the need for site visits to collect readings, it is not a BSC concern, however, it most certainly is a concern for the Authority and Suppliers as customer engagement is key to the success of the roll out.</p> <p>The initial 1998 project did not provide any easing in to the existing performance levels, the magnitude of the changes involved for all parties was far greater than the changes required for Smart Metering.</p> <p>P272 did not trigger a lowering of the performance standards either.</p> <p>Proposed P347 has not provided the arguments to justify that process for Smart Meters.</p>

Respondent	Response	Comments
		In history nothing has ever been improved by lowering standards. We see no justification for that. We cannot begin to imagine how lowering the standards can possibly be cogently argued to meet an Applicable BSC Objective.
E.on Energy Solutions	Left blank	
OVO ELECTRICITY LTD (OVOE)	Left blank	
Scottish Power	Left blank	
Citizens Advice	Yes	<p>The avoided costs to suppliers of a reduced target have not been quantified thus far in the assessment process nor have any increased costs resulting from providing consumers with a poorer quality service been explored.</p> <p>The arguments for 90% rather than any other percentage figure have not been clearly articulated.</p> <p>The number of affected metering points/consumers has not been articulated.</p> <p>We are deeply uncomfortable with this being treated as a self-governance modification. In our view, it has the potential to have a material impact on consumers and should not be progressed via this route.</p>
SSE Energy Supply Limited	Left blank	
British Gas	Yes	<p>This modification could lead to poor customer outcomes. The reduced target could result in a lack of incentive for Suppliers to go out to site to fix metering issues in a timely manner.</p> <p>Reducing the performance target will delay the application of EFR on parties. There isn't a penalty charge associated with not meeting the R1 performance requirement today. We believe that the target can remain the same and the Performance of Suppliers can be actively managed through the current Performance Assurance arrangements.</p> <p>Suppliers can complete testing on the metering systems that are candidates for Elective HH Settlement before completing the CoMC to HH. Through this testing the Supplier can identify the sites that are capable of delivering HH Settlement or</p>

Respondent	Response	Comments
		identify sites that require manual work before converting to HH. This will provide confidence to the Supplier that they are able to meet the 99% R1 performance and also reduce the risk to Settlement by removing the number of non-settling HH meters without the need to reduce the target.
ENGIE	Left blank	
npower	Left blank	
Utilita	Sent comments in e-mail	<p>Apologies for not completing the relevant form but I have some feedback from Utilita on P347.</p> <ul style="list-style-type: none"> • We support the proposal however I have not seen a rationale for the 90% value in the documentation. • This may need to be a separate Mod but, from the data we have accumulated from our smart meters, we strongly believe that R2 performance at 99% is also too high and therefore needs to be relaxed for Measurement Classes F and G. We would therefore support a review of all Settlement Runs performance levels • We have to consider that domestic HH sites will have to be run differently to traditional HH sites and the priority associated to fixing comms to a site may vary depending on the energy usage. • We are happy to support a Settlement Run review for MC F and G and feed in some of our smart metering data in order to set new performance levels.
Stark Software International Ltd	Yes	It appears the Modification was recommended on the basis of a conceptual barrier to EHHS. It would have been better to raise the modification as a response to an evidenced, present issue.