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DRAFT MODIFICATION REPORT for Modification Proposal P230 'Enabling Interoperability through the use of CoP10 and CoP5 Metering'

Prepared by: ELEXON on behalf of the BSC Panel

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Reason for Issue: For Consultation

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Proposed Modification P230 seeks to mandate the use of relevant Codes Of Practice in those circumstances where Suppliers are obliged to use advanced metering by the Electricity Supply Licence. This will ensure consistency of metering requirements and mitigate issues surrounding interoperability of advanced meters in the market.

BSC PANEL'S RECOMMENDATIONS

Having considered and taken into due account the content of the P230 Assessment Report, the BSC Panel recommends:

- that Proposed Modification **P230 should be made**; and
- an Implementation Date for Proposed Modification P230 of:
 - **25 June 2009** if an Authority decision is received on or before 24 June 2009; or
 - **Within 1 Working Day of an Authority Decision** if the Authority decision is received on or after 25 June 2009.

Rationale for these recommendations can be found in section 5 of this Draft Modification Report.

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1 HIGH LEVEL SUMMARY OF MODIFICATION REPORT

Summary of Proposal

Objective of P230:

P230 aims to reduce interoperability issues arising from the introduction of Advanced Metering within the United Kingdom.

Proposed Solution:

P230 proposes to introduce a requirement within the Code that will mandate the use of relevant Codes of Practise (CoP10 or CoP5 at a minimum) when installing advanced meters as required by the Supply License.

Impacts

Industry:

- Suppliers
- Party Agents

Documentation:

- Sections L of the BSC; and
- CoP's

Implementation Costs

The estimated ELEXON implementation cost is 2 man days, which equates to £440.

Benefits and Drawbacks under Applicable BSC Objectives (c) and (d)

Benefits:

- Assists Suppliers in meeting their obligations under the Supply Licence;
- Affords Parties the opportunity of moving more easily between the Non Half Hourly and Half Hourly segment of the market;
- Improves consumer access to, and transparency of, the market allowing customers to switch Suppliers more easily;
- Will improve accuracy of data flowing into Settlement;
- Transfer of information on a Change of Supply will become easier, adding to the efficiency of the Settlement Process;
- Reduce the issues associated with interoperability.

Drawbacks:

- None identified

Implementation approach

The BSC Panel recommends the following Implementation Dates:

- **25 June 2009** if Authority decision is reached on or before 24 June 2009; or
- **1 Working Day after an Authority decision**, if decision is reached after 24 June 2009.

The Panel's Initial Recommendation

The initial views of the BSC Panel are:

- **Unanimous** view that the P230 Proposed Modification is **better** than the current arrangements;
- **Unanimous** recommendation that P230 Proposed Modification **SHOULD be made**.

For further information on P230 please see the Initial Written Assessment [P230 IWA](#) or the P230 Assessment Report ([P230 Assessment Report](#)).

2 BACKGROUND

The introduction of advance metering into the United Kingdom has highlighted concerns regarding interoperability¹ of metering in the market. These concerns need to be addressed to maintain consistency of advanced metering within the market. The proposed amendments to the Electricity Supply Licence has raised the necessity for addressing these interoperability issues sooner rather than later.

2.1 Proposed Changes to the Electricity Supply Licence

The Electricity Supply Licence sets out the requirements for parties who wish to partake in the supply of electricity within the UK. Proposed amendments to the standard conditions of the Electricity Supply Licence have been proposed by Ofgem, along with a similar provision for the Gas Supply Licence.

The proposed amendments to the Electricity Supply Licence read as follows:

"Advanced meters for Non-Domestic Premises [electricity]

12.17 This paragraph has effect on and after 6 April 2009 and applies where the licensee installs or arranges for the installation of an Electricity Meter at Non-Domestic Premises where the metering point falls within profile class 5, 6, 7 or 8 as defined in the Balancing and Settlement Code (for this condition only, "relevant premises").

12.18 If paragraph 12.17 applies, the Electricity Meter installed at the relevant premises must be an advanced meter.

12.19 For the purposes of this condition, an advanced meter is an Electricity Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Code, is able:

- (a) to provide measured electricity consumption data for multiple time periods, and at least half-hourly; and*
- (b) to provide the licensee with remote access to such data.*

12.20 The licensee must ensure that a Customer supplied with electricity at relevant premises through an advanced meter, or that Customer's nominated agent, is able to have timely access, on request, to the data provided by that meter.

12.21 As from 6 April 2014, the licensee must not supply electricity to any relevant premises other than through an advanced meter.

12.22 The prohibition imposed by paragraph 12.21 does not apply where the licensee is unable to install or arrange for the installation of an advanced meter at the relevant premises in question despite taking all reasonable steps to do so."

2.2 The Issue

Following the announcement of the potential amendments to the Supply Licence an expert group (Advanced Metering Interoperability Review Group) was set up. The expert group were to determine an approach that would enable Suppliers to demonstrate compliance with the proposed amendments to the Electricity Supply Licence condition. The group also sought to establish a consistent approach to metering in the UK market by addressing the issues of interoperability for Profile Classes 5 to 8.

The group concluded that the requirements set out in paragraphs 12.17 and 12.18 of the proposed amendment to the Electricity Supply Licence should be met by installing CoP10 or CoP5 compliant meters

¹ "Interoperability" defined in terms of the goal in Section 3.1 of the Advanced Metering Operational Framework: Profile Classes 5 to 8: [Advanced Metering Operational Framework](#)

into premises affected by the licence change. These meters would be capable of providing Half Hourly interval data, even though Metering Systems would continue to be settled under the Non Half Hourly arrangements, unless the Supplier chooses otherwise.

Furthermore, the group noted that the Electricity Supply licence does not prescribe which types of advanced metering shall be used. The type of metering installed is therefore dependent on Suppliers' interpretation of the licence condition. This leaves a risk of interoperability issues as different Suppliers could install different types of meters as they believe it to meet the licence condition.

3 P230 SOLUTION

Modification Proposal P230 has been raised to mandate the use of relevant Codes of Practice in those circumstances where Suppliers are obliged to use advanced metering by the Electricity Supply Licence. This will ensure consistency of metering requirements and mitigate issues surrounding interoperability of advanced meters in the market.

It should be noted that advanced metering technology is being introduced into the market independently of the proposed changes to the Electricity Supply Licence.

For a full description of the original Modification Proposal as submitted by the Proposer, please refer to the following link: [P230 Background Documentation](#).

3.1.1 Balancing and Settlement Code Changes

Legal text has been drafted in a manner that will ensure the flexibility and robustness that is required to effectively implement this Modification. The Supply License states that any new Metering Equipment that is installed at Non-Domestic Premises within Profile Classes 5 – 8 (PC5-8) from the 6 April 2009 will need to be an 'advanced meter'. The legal text for P230 ensures that BSC Parties comply with relevant Codes of Practice (CoP's) when installing 'Advanced Meters' pursuant to the conditions set out within the Supply License.

In addition the legal text will ensure that when an 'advanced meter' (as described by the Supply License) is installed or replaced (Post 6 April 2009), it is replaced by Metering Equipment that is compliant with the latest version of the applicable CoP at the date at which such Metering Equipment is installed. This will ensure that the version of the CoP that the Registrant complies with will be compliant with the Supply License and P230.

It is important to note that although the proposed changes to the Standard Conditions of the Electricity Supply Licence refers specifically to PC5-8; the drafted legal text will neither preclude nor mandate the solution from being relevant to other areas of the market.

The rationale for this is that, if changes are made to the Supply License in the future, in respect of 'advanced metering', (for example necessitating the use of advanced metering in other profile classes) this could be dealt with by amending the CoPs with a Change Proposal rather than raising a Modification to amend the BSC. To support this efficiency and flexibility the relevant CoPs will be updated (see the section below).

The draft legal text can be found in Attachment 1.

3.1.2 Codes of Practice

P230 will necessitate a change to the CoPs in order to ensure that BSC Parties are clear on which CoPs are the relevant CoPs. Draft wording that is to be included within CoPs 1-3, CoPs 5-7 and CoP10 can be found in Attachment 2

In addition the Group believed that additional wording would need to be drafted within CoPs 8 and 9 in order to ensure that these CoPs are not applicable in respect of PC5-8. The appropriate draft wording for these CoPs can also be found in Attachment 2.

Subject to the responses received as part of the report phase consultation the proposed redline changes to the CoPs will be presented to the Panel for approval at their meeting on 12th March 09.

4 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

4.1 What are the Groups Conclusions?

The **unanimous** view of the Modification Group is that the Proposed Modification better facilitates the current arrangements. The Group's unanimous recommendation to the Panel was that **P230 SHOULD be made**.

The Group agreed that P230 better facilitates:

Applicable BSC Objectives (C) & (D)

The rationale of the Modification Groups views are summarised in the tables below:

Objective (c): Promoting effective competition	
For	Against
<ul style="list-style-type: none"> Assists Suppliers in meeting their obligations under the Supply Licence; Affords Parties the opportunity of moving more easily between the Non Half Hourly and Half Hourly segment of the market; Improves consumer access to, and transparency of, the market allowing customers to switch Suppliers more easily; Will improve accuracy of data flowing into Settlement; Reduce the issues associated with interoperability. 	<ul style="list-style-type: none"> None identified

Objective (d): Promoting efficiency in the balancing and settlement arrangements	
For	Against
<ul style="list-style-type: none"> Will improve accuracy of data flowing into Settlement; Transfer of information on a Change of Supply will become easier, adding to the efficiency of the Settlement Process. 	<ul style="list-style-type: none"> None identified

4.2 Group Considerations

As part of the assessment of P230 the Modification Group discussed and considered a number of areas. These are highlighted below. For full details of the Group's discussions please see the P230 Assessment Report ([P230 Assessment Report](#))

4.2.1 Measuring Instruments Directive

The Measuring Instrument Directive (MID) came into force in March 2004 and was enacted into UK Legislation (via The Measuring Instruments (Active Electrical Energy Meters) Regulations 2006 (SI 2006 No. 1679)).

The MID is concerned with devices for legal measurements such as, electricity and gas Meters, and its primary aim is to create a single market for measuring instruments across EU countries i.e. Meters can be put on the market and used in any EU country irrespective of where in the EU the MID approval was given. The MID establishes requirements which all Meters for use at premises below 100kW must comply with.

The European Commission has indicated that National metering requirements that Member States have in place, or intend to introduce, may be in contravention of the MID. They are eager that Member States do not introduce requirements that are above the standards set out in the MID, as this has the potential to frustrate the intention of the MID i.e. to create a single market for the use of Meters across the EU.

Accordingly this may impact on metering requirements set out in the BSC and its subsidiary documents including those relevant to advanced metering. The National Weights and Measures Laboratory (the government body responsible for legal metrology) are currently in discussion with the European Union in respect of these issues.

Previous discussions between the Proposer, Ofgem, ELEXON and the Department of Energy and Climate Change 'DECC' have highlighted this issue. It was felt that, whilst this is an important issue that the Modification Group should be aware of, the Group are not in a position to resolve any potential conflict between the BSC/Code Subsidiary Documents and the MID. Ofgem, DECC and the National Weights and Measures Laboratory are currently in discussions with the European Commission to come to an agreement on these concerns.

The Panel and Ofgem supported the approach that the Modification Group should consider and not resolve any potential conflicts between the MID, BSC and P230.

The Modification Group noted the background to the MID and any issues that might arise from its intention to create a single market for the use of Meters across the EU. The Group believed that the MID was not particularly clear and that it was open to a lot of interpretation. This lack of clarity meant that any decisions by a member state to mandate requirements would be reliant on legal interpretations of any definitions used. A group member noted that whilst there may be some concerns about a Member State mandating minimum metering requirements, there may not be a problem with individual companies using requirements above the minimum.

In conclusion the Group agreed that whilst this was an important issue to consider it was not something that the Group could resolve. And it was believed that such matters should be addressed by Ofgem, DECC and National Weights and Measures Laboratory to consider.

4.2.2 Initial Implementation Timescales

The Group initially set an implementation date of 6 April 2009 to coincide with the amendments to the Supply Licence. However, concerns that Metering Equipment compliant with CoP10 may not be available in time for implementation in April 09 led the Group to reconsider.

In order to provide BSC parties with enough time to obtain the compliance required the Group unanimously agreed the following implementation dates:

- **25 June 2009** if Authority decision is reached on or before 24 June 2009; or
- **1 Working Day after an Authority decision**, if decision is reached after 24 June 2009.

The Group noted that this would align with the BSC systems Release in June 09 (25 June 2009).

4.2.3 Supply Licence Changes

During the Impact Assessment/Consultation it was queried by a respondent what would happen if the Supply License amendments were rejected or if the proposed amendments were changed during the process. The Group considered the impact of the proposed Supply Licence amendments being changed or not be approved.

The Group believed that P230 had been raised with the fundamental assumption that the Supply Licence would be approved and that the intention was to present the Panel and the Authority with a solution for when the Supply License change occurred. If the Supply License were to change or be rejected the Group were aware that the Authority could reject P230. However, this would be at the discretion of the Authority who would decide whether or not to approve P230 in relation to the Supply Licence and any changes that it might undertake. The Proposer of P230 supported the Group's view.

In addition the Group noted that the BSC Panel and Ofgem would have a better understanding of the above issues by March, when the Panel would be presented with the Final Modification Report.

4.2.4 P230 Benefit Analysis

The Group discussed the benefits and drawbacks of P230. It was acknowledged that P230 is fundamentally about improving interoperability and facilitating Suppliers compliance with the amended Supply license. The group considered these fundamental benefits and believed that it would be difficult to quantify the impact of increased consistency and Industry confidence.

Regarding the Environmental impacts, DECC has championed the introduction of Advanced Metering in an attempt to address issues associated with climate change and energy consumption. It is not anticipated that there will be any additional environmental impacts over and above those addressed by DECC, with this in mind, the P230 Group will not be focusing on environmental impacts.

5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

5.1 Panel's Consideration of Assessment Report

The Panel considered the P230 Assessment Report at its meeting on 12 February 2009. This section summarises the Panel's discussions in formulating its provisional recommendations for inclusion in this Draft Modification Report.

5.1.1 Measuring Instruments Directive

The Panel noted the concerns surrounding the clarity of the MID and noted that the uncertainty of if, and how, the BSC (or any Code Subsidiary Documents) would be introducing requirements above and beyond the MID was being investigated by Ofgem and DECC.

The approach taken by the Modification Group to only note and not attempt to resolve such an unclear and complicated issue was supported by the Panel.

A Panel member did query when the issues of compliance were likely to be resolved, and if concerns over the MID would delay the implementation of P230. ELEXON responded that after discussions with Ofgem and DECC it was unknown how long it would take to conclude this issue, but that this should not delay P230 as we should continue to work with the understanding that the current regulations are satisfactory.

5.1.2 Supply Licence Changes

The Panel noted that the Modification Group and the Proposer recognised that P230 is linked to the implementation of the Supply Licence amendments and that this was a key assumption on which the Modification was based. The Panel also noted that Ofgem endorsed this approach.

ELEXON explained that P230 was reliant on the Supply Licence amendments, rather than being contingent on another Modification in the process. Therefore should the Panel recommend approval they would not be inconsistent with previous Panel decisions.

5.1.3 Implementation Dates

It was highlighted to the Panel that the Modification Group had changed the proposed Implementation Dates from 6 April 2009 to 25 June 2009. There were two reasons for this:

1. Few CoP10 compliant Meters would be ready by April 09. Currently there are 2 CoP10 compliant Meters in the market and, although it is relatively easy for CoP5 tested Meters to be made CoP10 compliant, it could potentially take up to 2 months for untested Meters to be approved. The Group felt this would be a tight timescale to impose on the Industry.
2. 25 June 2009 coincides with the June 2009 BSC Systems Release (June 09 release) as part of which a number of enhancements to the requirements in CoP10 are going live. Implementing the necessary changes for P230 at the same time as the other CoP10 changes will reduce issues with interoperability of CoP10 Meters and would be more procedurally efficient.

The Modification Group agreed that this was a pragmatic approach. For further details on Group discussions in this area please see the Assessment Report ([P230 Assessment Report](#)).

The Panel noted that a concern had been raised that moving the Implementation Date away from 6 April 09 could compound issues of inoperability. During the gap between 6 April and P230 Implementation Suppliers could install any meter that meets the Supplier Licence (i.e. any meter that can read on a Half Hourly basis), but which may not comply with CoP5 and CoP10. A Panel member clarified that, although this was a concern, under current arrangements Suppliers could currently install any meter that met the Supply Licence and that this would not be unique for the period between 6 April and P230 Implementation.

The Panel believed that the proposed Implementation Dates represented a pragmatic approach. However, the Panel reiterated that a strong message should be sent to the Industry that they should be installing CoP5/CoP10 compliant Meters. P230 is attempting to implement standards of Metering across the Industry, and this aim should not be undermined by Suppliers or manufacturers installing old stocks Meters just to get them 'off the shelf'. because they would soon become obsolete/ non-compliant.

Education of the Industry should be made a priority, using communication from ELEXON and Ofgem. ELEXON confirmed that constant communication with the British Electrotechnical & Allied Manufacturers Association (BEAMA) would be maintained and that communication would be sent when the P230 Modification Report is issued to the Authority, and on receipt of an Authority decision.

The Panel agreed that the Implementation Date should be 25 June 2009, and no later. It was requested that the Authority make a decision on P230 as soon as possible. This would allow a clear message to be sent to the Industry and would remove any doubt about the need to be CoP5/CoP10 compliant.

It was also highlighted to the Panel that if metering dispensations were applied for in these circumstances they would not necessarily be granted. This should also add further incentive for the Industry to be compliant with any requirements that are introduced.

5.2 Panel's Initial Recommendations

After considering the P230 Assessment Report the **UNANIMOUS** initial recommendation of the Panel is:

- P230 Proposed Modification **IS BETTER** than the current arrangements;
- P230 Proposed Modification **SHOULD** be made; and
- An Implementation Date for Proposed Modification P230 of:
 - **25 June 2009** if an Authority decision is received on or before 24 June 2009; or
 - **Within 1 Working Day of an Authority Decision** if the Authority decision is received on or after 25 June 2009.

The Panel agreed that P230 better facilitates **Applicable BSC Objectives (C) & (D)**. The Panel also agreed with the rationale put forward by the Modification Group for why P230 better facilitates Applicable Objectives (C) and (D) (see section 4.1 for more details).

A Panel member also highlighted that P230 did not just better facilitate the Applicable BSC Objectives, but that if P230 were not implemented then further costs would be incurred as the issues around interoperability became worse.

6 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
CoP	Code of Practice – A Code Subsidiary Document that defines the minimum requirements for Metering Equipment
DECC	Department of Energy and Climate Change
MID	Measuring Instruments Directive

6.1 References

Ref.	Document Title	Owner	Issue Date	Version
1	P230 Modification Proposal	N/A	23/12/08	1.0
2	Advanced Metering Operational Framework	ELEXON	24/10/08	1.0
3	ELEXON - Codes of Practice	ELEXON	N/A	N/A

APPENDIX 1: APPLICABLE BSC OBJECTIVES

For reference the Applicable BSC Objectives, as contained in the Transmission Licence, are:

- The efficient discharge by the licensee [i.e. the Transmission Company] of the obligations imposed upon it by this licence [i.e. the Transmission Licence];
- The efficient, economic and co-ordinated operation of the GB transmission system;
- Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

APPENDIX 2: PROCESSES FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at:

[P230 Background Documentation](#)

Date	Event
23/12/08	Modification Proposal raised by Scottish and Southern Energy
15/01/09	IWA presented to the Panel
20/01/09	First Assessment Procedure Modification Group meeting held
21/01/09	P230 Consultation and Impact Assessment Issued
02/02/09	P230 Consultation and Impact Assessment responses received
05/02/09	Second Assessment Procedure Modification Group meeting held
12/02/09	Assessment Report presented to the Panel
13/02/09	Report Phase consultation issued

APPENDIX 3: ESTIMATED COSTS

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	£1000
Legal/Expert Cost	£0
Impact Assessment Cost	£0
ELEXON Resource	24 man days £6,000

APPENDIX 4: MODIFICATION GROUP MEMBERSHIP

Member	Organisation	20/01/09	TBD
Adam Lattimore	ELEXON (Chairman)	√	√
Stuart Holmes	ELEXON (Lead Analyst)	√	√
Martin Brandt	Scottish and southern Energy (Proposer)	√	X
Rosie McGlynn	EDF Energy	√	X
Glenn Sheern	E.ON UK	X	X
James Evans	British Energy	√	√
Ken Ruickbie	Scottish Power	√	X
Louisa Stuart-Smith	npower	√	X
Bryan Donnelly	SAIC	√	√
Eric Graham	TMA	X	X
John Sykes	Scottish and southern Energy (Proposer's Representative)	X	√
Attendee	Organisation		
Helen Boothman	ELEXON	√	√
Sarah Mann	ELEXON (Lawyer)	√	√
Nigel Nash	Ofgem	√	√
Steve Francis	ELEXON (Design Authority)	√	X
Beverley Adams	BEMA	√	X
Graeme Wood	-	√	X
Tom Chevalier	Association of Meter Operators	X	√

APPENDIX 5: MODIFICATION GROUP TERMS OF REFERENCE

Modification Proposal P230 will be considered by the P230 Modification Group, formed from the Volume Allocation Standing Modification group, in accordance with the VASMG Terms of Reference and the Appendix attached.

P230 – Enabling Interoperability through the use of CoP10 and CoP5 Metering

ASSESSMENT PROCEDURE:

- 1.1 The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P230 pursuant to section F2.6 of the Balancing and Settlement Code.
- 1.2 The Modification Group will produce an Assessment Report for consideration at the BSC Panel Meeting on 12 February 2009.
- 1.3 The Modification Group shall consider and/or include in the Assessment Report as appropriate:
 - The Group shall note the current events occurring in relation to the MID and ensure that DECC and Ofgem are involved during the assessment of P230. Please note that the Group shall not be asked to resolve this issue.
 - Consider the flexibility and robustness of legal text. The Group shall ensure that legal text is drafted in a manner that:
 - I. Does not constrain parties from using other relevant CoP's; and
 - II. Is flexible enough to accommodate any future changes to the Supply License without the need to raise further Modifications.
 - Consider any Alternative Modifications.

It is suggested that the P230 Modification Group consider recommendations highlighted during the Advanced Metering Interoperability Review.

The Department of Energy and Climate Change (DECC) has championed the introduction of Advanced Metering in an attempt to address issues associated with climate change and energy consumption. It is not anticipated that there will be any additional environmental impacts over and above those addressed by DECC, with this in mind, the P230 Group will not be focusing on environmental impacts.

APPENDIX 6: DRAFT LEGAL TEXT

Draft legal text can be found in Attachment 1.

Proposed redline changes to the CoPs can be found in Attachment 2.

APPENDIX 7: ASSESSMENT REPORT

The P230 Assessment Report can be found at the following link [P230 Assessment Report](#).