89/006

ASSESSMENT REPORT for Modification Proposal P176

Clarification of the Requirements for Estimation / Deeming of Meter Readings/Advances in Certain Circumstances to Facilitate Correction of Anomalies in Settlement Consumption

Prepared by: Volume Allocation Standing Modification Group

Date of issue:	4/02/05	**Document reference:**	P176AR
Reason for issue:	For review	**Issue/Version number:**	1.0

This document has been distributed in accordance with Section F2.1.10[1] of the Balancing and Settlement Code.

RECOMMENDATIONS

The Volume Allocation Standing Modification Group invites the Panel to;

- **AGREE that Proposed Modification P176 should be made;**
- **AGREE a provisional Implementation Date for Proposed Modification P176 of 3 November 2005 if an Authority decision is received on or before 1 June 2005, or 2 March 2006 if the Authority decision is received after 1 June 2005 but on or before 1 September 2005;**
- **AGREE that Modification Proposal P176 be submitted to the Report Phase; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting of 10 March 2005.**

[1] The current version of the Balancing and Settlement Code (the 'Code') can be found at http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx

CONTENTS TABLE

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the Volume Allocation Standing Modification Group has been able to assess the following parties/documents have been identified as being potentially impacted by Modification Proposal P176.

Parties		Party Agents		BSC Agents		Other Agents	
Suppliers	☒	Data Aggregators	☐	SAA	☐	SMRA	☐
Generators	☐	Data Collectors	☒	FAA	☐	Data Transmission Provider	☐
Licence Exemptable Generators	☐	Meter Operator Agents	☐	BMRA	☐		
Transmission Company	☐	ECVNA	☐	ECVAA	☐		
Interconnector	☐	MVRNA	☐	CDCA	☐		
Distribution System Operators	☐			TAA	☐		
Non-Physical Traders	☐			CRA	☐		
				Teleswitch Agent	☐		
				SVAA	☐		
				BSC Auditor	☐		
				Profile Administrator	☐		
				Certification Agent	☐		
				MIDP	☐		

Sections of the BSC			
A	☐	N	☐
B	☐	O	☐
C	☐	P	☐
D	☐	Q	☐
E	☐	R	☐
F	☐	S	☒
G	☐	T	☐
H	☐	U	☐
I	☐	V	☐
J	☐	W	☐
K	☐	X	☒
L	☐		
M	☐		

Code Subsidiary Documents		Core Industry Documents		BSCCo		Other Documents	
BSC Procedures	☒	Grid Code	☐	Internal Working Procedures	☐	Transmission Licence	☐
Codes of Practice	☐	Supplemental Agreements	☐			System Operator-Transmission Owner Code	☐
BSC Service Descriptions	☐	Ancillary Services Agreements	☐				
Service Lines	☒	Master Registration Agreement	☐				
Data Catalogues	☐	Data Transfer Services Agreement	☐				
Communication Requirements Documents	☐	British Grid Systems Agreement	☐				
Reporting Catalogue	☐	Use of Interconnector Agreement	☐				
MIDS	☐	Settlement Agreement for Scotland	☐				
		Distribution Codes	☐				
		Distribution Use of System Agreements	☐				
		Distribution Connection Agreements	☐				

X = Identified in Report for last Procedure
N = Newly identified in this Report

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P176 "Clarification of the Requirements for Estimation/Deeming of Meter readings/Advances in Certain Circumstances to Facilitate Correction of Anomalies in Settlement Consumption" ("P176") was raised on 04 October 2004 by Npower Limited (the Proposer). The perceived defect was initially raised to the Volume Allocation Standing Modification Group (VASMG) as Issue 8. A summary of the Group's discussions was presented to the Panel at its meeting of 8 July 2004.

The Balancing and Settlement Code (the Code) details the (limited) specific circumstances in which Meter Advances can be deemed. The list of circumstances given in the Code where the deeming of Meter readings is allowable is inconsistent with those given in PSL120 'Party Service Line for Non Half Hour Data Collectors', BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS' and with current practice (where deeming has been allowed, (or encouraged) in further specific circumstances with the support of pre-NETA circulars). Furthermore, as highlighted by the BSC Auditor, deeming is also being carried out in circumstances not allowable under the Code, Code Subsidiary Documents (CSDs) or circular (in many cases this "non-compliant" deeming aims to improve the accuracy of Settlement).

P176 seeks to remove detailed procedures for deeming of Meter Advances from Annex S-2 and provide new references in this section of the Code to procedures that will be defined in CSDs providing for the estimation/deeming of Meter readings and/or Meter Advances and the setting of Estimated Annual Consumption (EAC) and/or Annualised Advance (AA) values.

The Proposer believes that P176 better facilitates Applicable BSC Objectives (c), promoting effective competition in the generation and supply of electricity and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity, and (d), efficiency in the implementation and administration of the balancing and settlement arrangements.

The terms Annualised Advance (AA), Estimated Annual Consumption (EAC) are used throughout this document and are defined as follows:

An AA is the rate of consumption for a Settlement Register over the period between two Meter readings, nominally expressed as a kWh/year value.

An EAC is an estimated rate of consumption for a Settlement Register, nominally expressed in kWh per year, which is used in Settlement until an AA is calculated. The estimated value is calculated using previous AA and EAC values for the Metering System, unless no AA value has previously been calculated, in which case a Supplier-provided initial EAC value is used. This EAC remains valid until another actual/realistic reading is obtained at which point a new EAC will be calculated.

1.2 Process Followed

ELEXON presented an Initial Written Assessment (IWA) of P176 (Reference 2) to the Balancing & Settlement Code Panel (the Panel) at its meeting on 14 October 2004. The Panel agreed with the recommendation that P176 be submitted to a three-month Assessment Procedure to be carried out by the VASMG.

During the Assessment Procedure, the VASMG met four times – on 21 October 2004, 10 November 2004, 8 December 2004 and 18 January 2005. To support its assessment of P176 against the

Applicable BSC Objectives, the Group produced and issued a consultation document to interested parties on 23 November 2004 with responses due on 3 December 2004.

The Group met on the 8 December 2004 to discuss the responses to the initial consultation. It was noted that two consultation respondents had raised concerns that there had not been sufficient time to consider the issues detailed in the first consultation document. It was also felt that market participants should have visibility of the proposed changes to the Code and CSDs so that any comments they wished to make could be considered by the Modification Group during the Assessment Procedure. The Group therefore requested that the Assessment Procedure be extended by one month to allow a further consultation to be carried out.

At the Panel meeting on 9 December 2004, the Panel agreed to extend the Assessment Procedure by one month so that a second consultation could be carried out. The Assessment Report is therefore scheduled to be presented at the Panel meeting on 10 February 2005. The second Assessment Consultation was issued on 23 December 2004 with responses due on 13 January 2005.

1.3 Proposed Modification

Firstly, P176 seeks to consolidate the detailed deeming information and the calculations for the deeming of Meter Advances which are currently documented in Annex S-2 of the Code.

Secondly, P176 seeks to document within Annex S-2 how the EAC can be recalculated following deeming to ensure that estimates are realistic going forward.

Thirdly, P176 seeks to remove the references to the circumstances where deeming is allowable from the Code and PSL120. It aims to move this detail and add further provisions relating to the circumstances in which deeming is allowable (including the criteria which must be met prior to deeming) to BSCP504.

Furthermore, an umbrella statement will be added to Annex S-2 to link the deeming calculations to the allowable circumstances which are documented in BSCP504.

Finally, P176 will document the Gross Volume Correction (GVC) process which allows the compensation of crystallised error in fluid Settlement Periods within BSCP504.

The table below shows a high level summary of the current allowable circumstances for deeming and those that are proposed under P176.

Circumstance	Location of Current Provisions	Allowable Under P176	Optional or Mandatory
Change of Supplier	Annex S-2 of the Code	Yes	Mandatory
Concurrent Change of Supplier and Measurement Class NHH - HH	Annex S-2 of the Code	Yes	Mandatory
Concurrent Change of Supplier and Measurement Class HH - NHH	PSL120	Yes	Mandatory
Reconfiguration or Replacement of Metering System	Final – Annex S-2 of the Code Initial - None	Yes – final and initial	Optional
Deeming at RF to ensure that crystallised data is not changed post RF	Annex S-2 of the Code	Yes	Mandatory

Circumstance	Location of Current Provisions	Allowable Under P176	Optional or Mandatory
Change of Measurement Class NHH – HH	PSL120	Yes	Optional
Change of Measurement Class HH – NHH	None	Yes	Optional
Change of Profile Class	None	Yes	Optional
Rectification of a Meter Fault	PSL120	Yes	Optional
Energisation on a New Connection	None	Yes	Optional
De-energisation	None	Yes	Optional
Re-energisation	None	Yes	Optional
Removal of Meter /Disconnection of Metering Point	PSL120	Yes	Optional
Compensating Crystallised Errors	None	Yes	Optional
Identification of Site as Demolished	None	Yes	Optional
Change of Licensed Distribution System Operator (LDSO)	None	Yes	Mandatory
Change of Agent	None	No	N/a
Archiving of Profile Coefficients	PSL120	Yes	Optional
Long Term Vacant Sites	None	No	N/a

1.4 Issues Raised by the Proposed Modification

In accordance with its Terms of Reference (see Annex 4), the VASMG has considered the following issues during the P176 Assessment Procedure:

- Deeming methodology and calculations;
- Circumstances for deeming;
- Mandatory or optional deeming;
- Code versus Code Subsidiary Documents
- System impacts;
- Audit trail requirements;
- Procedural impact on Parties;
- Definition of the term deemed Meter reading;
- Incentives on Suppliers to Obtain Actual Meter Reads;
- Potential interaction with BETTA Implementation.

The following subsections document the discussions and the conclusions of the VASMG on each of the above issues.

1.4.1 Deeming methodology and calculations

Deeming is a process by which a valid Meter reading can be calculated where one does not currently exist.

There are currently two high level circumstances in which a reading may be deemed:-

- where a business process mandates the use of a reading and a valid reading is unobtainable;
- where a Final Reconciliation (RF) Run or Post Final (DF) Run has taken place for some of the Settlement Dates in a Meter Advance Period and it is necessary to ensure that values used in the last reconciliation of any Settlement Date remain unchanged.

The Group noted that where deeming is carried out for the first of these two reasons, it is important to ensure that there should still be an emphasis on resolving the root causes that resulted in a valid read being unavailable and that deeming should only be carried out once all reasonable attempts to obtain a valid reading have been exhausted.

It should be noted that where a Meter reading is deemed, it is treated as an actual read in Settlement. This enhances Supplier performance against serial SP08 (Energy and Metering Systems on Annual Advances and Actual Readings at Each Volume Allocation Run).

There are two types of Deemed Meter Advance calculation and the two types of deemed reading calculation, which are described below. A process called Gross Volume Correction (GVC) makes extensive use of the deeming process. This is described in detail in Annex 6.

Deemed Meter Advance Calculation

There are two basic types of Deemed Meter Advance (DMA) calculation:

- a DMA can be calculated using an EAC to extrapolate a reading for a date which is later or earlier (see note below on deeming Meter readings forwards and backwards) than the date of the latest valid reading; or
- a DMA can be calculated using an AA to interpolate a reading between the two valid readings used in the calculation of that AA.

Both types of DMA calculation are currently supported by the Code (Annex S-2), albeit in limited circumstances. The Group agreed that both types of DMA calculation should be used going forward.

Deemed Meter reading Calculation

There also two ways in which a DMA can be used, in conjunction with another reading, to calculate a deemed reading:

- a DMA can be added to an existing reading to extrapolate a reading for a later date (which can be referred to as "deeming forwards", though this is not a defined Code term); or
- a DMA can be subtracted from an existing reading to extrapolate a reading for an earlier date (which can be referred to as "deeming backwards", though this is also not a defined Code term).

"Deeming forwards" is currently supported by the Code, albeit in limited circumstances. The Group agreed that this type of deemed reading calculation should be used going forwards. "Deeming backwards", which is used in circumstances where there is no initial read, is not currently supported by the Code.

There are two options for "deeming backwards":

- when a valid read is obtained use the GSP Group Profile Class Average EAC (default EAC which

is GSP Group and Profile Class specific and defined in Market Domain Data) to extrapolate a read backwards;

- obtain two valid reads and use the resulting AA to extrapolate a read backwards. This will create a more accurate deemed read (but may be less practicable for Non Half Hourly Data Collector (NHHDC) systems that cannot process subsequent readings and associated AA values without an initial reading).

The Group discussed this particular type of deeming and it was noted that the initial read is not needed for Settlements. Therefore it is not necessary to deem from a Settlements perspective, as an AA calculated using the deemed reading will have the same value as the EAC or AA from which the reading was deemed. However some NHHDC systems have built in constraints where an initial read is required and (albeit outside the scope of Settlement) Suppliers may require the reading for Customer billing purposes. It should be noted that these arguments apply equally in the case of deeming a final reading for a Metering System, which is allowable under the Code in certain circumstances.

CP909 'Use of Deemed Reads where Initial Reads Invalid or Unobtainable' was discussed at the SVG (SVG 40/006). This Change Proposal (CP) could not be approved since it intended to introduce details of specific situations when deemed Meter readings should be used into a CSD. It was felt that these changes would be inconsistent with the Code.

Having considered responses to the initial consultation, the Group concluded that "deeming backwards" should be allowed. As the Group were concerned that waiting for two Meter readings and then deeming using the resulting AA would be too onerous on NHHDCs, it was agreed that where deeming backwards was required, the NHHDC would obtain a new Meter reading and deem using the initial EAC.

Initially the Group concluded that an initial reading calculated by extrapolating backwards from a later reading, would have to be capped at zero. The Group later reconsidered this statement as it was noted that reconditioned Meters may be installed where capping a deemed read at zero would be inappropriate.

1.4.2 Circumstances for Deeming

The Group discussed the circumstances where deeming is currently undertaken and any additional circumstances where it had been suggested that deeming should be allowed and issued two consultations to seek industry views. This section summarises the views of the Group and highlights any concerns raised by Group members or consultation respondents with regard to specific circumstances.

In all of the circumstances detailed below the Group stated that it was important to ensure that the root cause of these issues is dealt with. Also the processes for deeming must be clear to allow the Auditor to assess whether the rules for deeming are being complied with. This statement was made in light of recent BSC Audit report which referred to inappropriate deeming.

Change of Supplier

The deeming of an initial Meter reading on change of Supplier, using the EAC provided by the old NHHDC, is currently allowable under Annex S2 section 4.3.19 of the Code. In addition, BSCP504 outlines the process for change of Supplier for an existing SVA Metering System and specifically the requirements in relation to obtaining a change of Supplier reading. BSCP504 states that on a change of Supplier, if no valid Meter reading is obtained by the new NHHDC within 5 Working Days either side of the Supplier Start Date (SSD), the new NHHDC is required to calculate a deemed change of Supplier reading. The new NHHDC should then send this read to the old NHHDC.

If a valid Meter reading is received between SSD+5 and SSD+8, a deemed Meter reading shall be calculated for the SSD using a Deemed Meter Advance calculated from the AA which has been

calculated from this Meter reading and the last valid Meter reading.

If a valid Meter reading is not obtained between SSD+5 and SSD+8, the new NHHDC should deem a reading for the SSD using the last actual valid read taken and a Deemed Meter Advance calculated using the last EAC.

The ability of the new NHHDC to deem the change of Supplier reading in the two cases above is dependant on the new NHHDC receiving the Meter reading history and Meter Technical Details. The Group noted that difficulties occur when the old NHHDC fails to transfer the latest EAC or AA to the new NHHDC, as the new NHHDC then has no value to deem from. The Group also noted that the MOA should transfer the Meter Technical Details as the NHHDC cannot deem a Meter reading without the Meter Technical Details. Where this history is not provided, the new NHHDC cannot calculate a change of Supplier reading. No other deeming (i.e., deeming backwards from the first reading taken by the new NHHDC) is currently allowable under the Code or any CSD.

It should be noted that if a change of Supplier read is disputed and it is agreed to deem a revised change of Supplier reading based on a subsequent actual reading, then there is a separate process for deeming a Meter Advance (as defined in Annex S2, 4.3.20 of the Code) which requires a new read to be deemed using the AA calculated from this subsequent actual reading.

The Group noted that the Customer Transfer Programme (CTP) have been working on a backstop process for obtaining change of Supplier reads. This process is currently being developed and may change in the future. The Group agreed that the changes proposed under P176 are consistent, as far as possible, with the CTP's proposed backstop process.

The Group discussed the initial consultation responses in relation to change of Supplier and noted that all of those respondents that expressed an opinion agreed that deeming should be allowable in this circumstance. The Group further discussed who should be able to deem readings and which readings can be deemed for change of Supplier.

The Group discussed whether it should be allowable for the old NHHDCs to deem a read in the event that the change of Supplier read is not communicated to them by the new NHHDC. It was agreed that the deeming of the change of Supplier read should only be undertaken by the new NHHDC. The Group felt that allowing the old NHHDC to deem on a change of Supplier could result in duplicate Customer billing and double counting in Settlements if there is a break down in communication between the old and new NHHDC. The Group felt that if the old NHHDC does not receive the change of Supplier read then he should escalate this to the old Supplier and wait until the change of Supplier read is obtained.

The Group discussed the comment from a consultation respondent regarding the use of a Supplier estimate instead of a deemed reading. The Group noted that deemed readings should be calculated on a Certified system whereas a Supplier estimate would not be calculated on a Certified system and so would potentially be more prone to error. The Group also noted that the use of Supplier estimated readings are not currently allowable under the Code and that this is being considered under P183 "Additional mechanisms for obtaining a valid change of Supplier read".

The Group concluded that on a change of Supplier it should be mandatory for the new NHHDC to deem a Meter reading in the event that no valid read can be processed. The Group noted that this is necessary so that Suppliers' liabilities can be split and energy is accounted for under the correct Supplier's registration.

The Group also concluded that although the new NHHDC should make reasonable endeavours to obtain the relevant data from the old NHHDC to allow the Meter reading to be deemed forwards; if the history is not received, the new NHHDC should be allowed to deem an initial Meter reading backwards once a subsequent actual reading is taken.

The Group believed that the process currently described in the Code and BSCP504 for the deeming of a

Meter reading following a disputed change of Supplier is also a valid circumstance for the deeming of Meter readings.

Concurrent Change of Supplier and Measurement Class

The deeming of a final Meter reading on a change of Supplier when the Measurement Class is changed from NHH to HH is already allowable under the Code (Annex S2, 4.3.23). However, the Code does not currently allow the deeming of an initial Meter reading on a coincident change of Supplier and Measurement Class when the Measurement Class is changed from HH to NHH, although PSL 120 does allow this.

The Group discussed the initial consultation responses in relation to concurrent change of Supplier and Measurement Class and noted that all of those respondents that expressed an opinion agreed that deeming should be allowable in this circumstance.

The Group noted that this is very similar to the change of Supplier process and that deeming should be mandated in this circumstance.

The Group noted that there are some slight variations to the change of Supplier process where the change of Supplier is concurrent with a change of Measurement Class. These have been discussed below.

NHH - HH.

The Group noted that Master Registration Agreement (MRA) Working Practice 116 (WP116) documents the process to be followed when the Metering System changes Measurement Class from NHH to HH and this is coincident with change of Supplier. The Group stated that it would only be necessary for the old NHHDC to deem the final read if the MOA did not record and transfer a valid read on the change of Measurement Class. The Group felt that deeming in this circumstance should continue to be allowed, however, the NHHDC should first attempt to obtain the reading from the NHHMOA prior to calculating the deemed read.

The Group noted that the NHHDC may not know that a change of Measurement Class has occurred and therefore may expect a change of Supplier reading to be provided by a new NHHDC. The Group agreed that the Supplier should ensure that the NHHDC is aware that there has been a co-incident change of Supplier and Measurement Class.

The Group noted that in this scenario the read would be deemed from the last valid EAC applying to the point in time for which the deemed read is being calculated.

HH - NHH

The Group restated that it would only be necessary for the new NHHDC to deem an initial read if the NHHMOA did not record a valid read on the change of Measurement Class and this should occur in very limited circumstances. Where the same Meter is utilised, the final reading could be obtained from the old HHDC, and the new NHHDC could use the value of this final read as the initial read.

The Group stated that in cases where data is not transferred, the NHHDC will not be aware that there has been a change of Measurement Class as the appointment information will only show that there has been a change of Supplier. In this case the NHHDC would expect to receive Meter history from another NHHDC in order to deem the change of Supplier reading. In this scenario the Supplier should confirm that there has been a change of Measurement Class.

The Group agreed that the new NHHDC should try to obtain data from the HHDC in cases where the same Meter is utilised. However, the request from the old HHDC should be caveated with 'where possible' as this is likely to only apply where the same company is acting as both HHDC and NHHDC for the Metering System. No obligation will be placed on the HHDC to provide this data.

The Group concluded that as the change of Measurement Class is concurrent with the change of Supplier, the deeming of an initial Meter reading must be undertaken provided that the new NHHDC makes reasonable endeavours to obtain the initial reading from the NHHMOA - as detailed in Annex 2. The new NHHDC should then deem a read backwards from the new valid read using a class average EAC.

Change of Licensed Distribution System Operator (LDSO)

Deeming on change of LDSO is not currently allowable under the Code or any CSD, however the process of carrying out a change of LDSO only became allowable on 1 August 2003 following the implementation of P62 'Changes to Facilitate Competitive Supply on the Networks of New Licensed Distributors' This process as a whole is still in development, under CP1026 'Procedures to support transfer of Metering System ownership between Distribution Businesses' and by the Master Registration Agreement (MRA) Migration Issues Working Group. The Group however felt that it was important to consider the deeming requirements of this process under P176.

On change of LDSO the Metering System will be de-registered in Supplier Meter Registration Service (SMRS) from the old LDSO and registered in the SMRS of the new LDSO. This results in the same Metering System having two Metering System Identifiers (MSIDs) assigned, each of which cover different Settlement Periods.

All Party Agents will be de-appointed for the MSID under the old LDSO and new Party Agents will be appointed for the MSID under the new LDSO. The Group noted that in reality the Party Agents appointed under the old MSID are expected to be maintained.

The Group discussed the initial consultation responses regarding deeming where there has been a change of LDSO and noted that all of those respondents that expressed an opinion agreed that deeming should be allowable in this circumstance.

The Group concluded that deeming should be allowable on change of LDSO. Deeming should be mandatory as it is necessary to split liability between LDSOs to ensure accurate Distribution Use of System (DUoS) charging.

The Group agreed that the process for obtaining or deeming a reading in this circumstance should be similar to that of the change of Supplier process, taking into account the work that has been done by the Migration Issues Working Group in this area.

The Group noted that in reality, many Meters would be migrated from one Distribution System to another with the same change of LDSO date. The Group therefore felt that it would be unlikely that a Meter reading would be obtained for many of the Meters. In the cases where an actual read is not obtained, the old NHHDC should deem a final read using the last valid EAC and transfer this read to the new NHHDC. It is imperative that same reading is used for both MSIDs so that volume is accounted for in the correct distribution area, as the Metering System will not actually change.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

It should be noted that further concerns were raised by one respondent to the second consultation with regards to the interaction of P176 with the work being undertaken by the MRA's Migration Issues Working Group. The Group noted these concerns however, they concluded that this interaction related to the drafting of the changes to BSCP504. As these changes could be tweaked during the implementation phase for P176, the Group were comfortable that any interaction could be accommodated at a later stage without changing the requirements developed under the Modification Proposal.

Deeming at RF to ensure that crystallised data is not changed post Final Reconciliation

Deeming at RF to ensure that crystallised data[2] is not changed post Final Reconciliation (RF) is currently allowable under Annex S2 paragraph 4.3.21 of the Code.

The Group noted that this occurs when a Meter reading is obtained and the previous Meter reading was prior to the RF boundary. The NHHDC will deem a reading on the latest date not yet subject to RF (the RF boundary point) in order to create two AAs: one between the crystallised Meter reading and the boundary point; and the other between the boundary point and the new Meter reading. This will prevent crystallised data from being changed. The Group believed that deeming should continue to be allowable in this circumstance.

The Group discussed the initial consultation responses in relation to this deeming circumstance and noted that all of those respondents that expressed a view agreed that deeming should be allowable in this circumstance.

Therefore, the Group concluded that deeming should continue to be allowable at the point where data has crystallised once a new Meter reading has been obtained that is more than 14 months after the previous reading. This will ensure that crystallised data is not amended when a new Meter reading is obtained. The Group felt that it should be mandatory to deem a read in this situation.

Reconfiguration or Replacement of Metering System

The deeming of a final Meter reading on Reconfiguration or Replacement of Metering System is currently allowable under Annex S2 paragraph 4.3.13 (with a change of Standard Settlement Configuration (SSC)) and 4.3.16 (no change of SSC) of the Code. However, the deeming of an initial Meter reading for the new Meter is not allowable under the Code or any CSD.

When a Metering System is reconfigured or replaced, the MOA is required to obtain a final read for the Metering System that is being reconfigured or replaced and to pass this to the NHHDC. At the same time an initial reading should be taken from the installed Metering System and passed to the NHHDC. The obligations on the MOA to provide these readings are contained within BSCP514 'SVA Meter Operations for Metering Systems Registered in SMRS' and BSCP504.

It was noted that there are two main reasons why a Metering System may be changed; for recertification or due to a Meter being broken. If the Meter is broken, the MOA may be unable to take a final Meter reading. In addition it was noted that the final Meter reading could be lost – in which case it would not be possible to subsequently obtain another valid Meter reading as the Meter will have been removed.

The Group discussed the initial consultation responses in relation to reconfiguration or replacement of the Metering System and noted that all of those respondents that expressed a view agreed that deeming should be allowable in this circumstance. One consultation respondent had stated that it did not believe that the deeming of initial Meter readings for the new Metering System should be allowable as the MOA should always take a read in this event. However, this respondent subsequently accepted the rationale of the Group that there were benefits to allowing deeming in the small number of cases where the read is not obtained or communicated.

Therefore the Group concluded that deeming of the final Meter reading for the old Metering System should continue to be allowable, and the deeming of the initial Meter reading for the new Metering System should also be allowed. Deeming would not be mandatory in these circumstances; it would be left to the Supplier's discretion.

In the cases where a valid final read is not obtained (or not available) the NHHDC should deem a Meter reading using the last valid EAC. In the cases where the initial read is not obtained (or not available) the NHHDC should wait until they have obtained a valid Meter reading via a normal reading cycle. The

[2]Data for Settlement Days which have been subject to Final Reconciliation and are not subject to a Post Final run.

NHHDC should then deem a read backwards from the new valid read using a class average EAC.

The process that the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Rectification of a Meter Fault

Deeming on rectification of a Meter fault is not currently allowable in the Code, however, it is allowable under PSL120.

If there is a fault on the Meter which is subsequently fixed, the data on the Meter is likely to be erroneous and therefore the NHHDC may wish to deem a realistic reading. The Group felt that most Meter faults will require the Meter to be changed. In this situation the process outlined above with regards to reconfiguration and replacement of the Metering System should be followed.

The Group discussed the initial consultation responses in relation to deeming on rectification of a Meter fault and noted that most respondents felt that deeming in this circumstance should be allowable. One respondent felt that deeming should not be allowable in this circumstance since strict guidelines would be required to determine when the Meter went faulty.

The Group acknowledged that deeming may not be particularly accurate in this circumstance as it would be difficult to know when the Meter became faulty and therefore the date on which the reading should be deemed, but concluded that it was more important that a reading is derived to prevent a gap in Settlements for that Meter. The Group also noted that most Meter faults will require the Meter to be changed and therefore deeming may be the only way to obtain a final reading for the faulty Meter.

The Group concluded that deeming a final reading on rectification of a Meter fault should be allowable in all circumstances but deeming an initial reading for the Meter following the rectification of the fault should only be allowable in the exceptional circumstances where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in this circumstances; it would be left to the Supplier's discretion.

In the cases where a valid final NHH read is not obtained (or not available) the NHHDC should deem a Meter reading using the last valid EAC. In the cases where the initial NHH read is not obtained (or not available) the NHHDC should wait until they have obtained a valid Meter reading via a normal reading cycle. The NHHDC should then deem a read backwards from the new valid read using a class average EAC.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Change of Measurement Class (no CoS)

Deeming on change of Measurement Class is not currently allowable under the Code or any CSD when the change of Measurement Class is from HH to NHH. However, deeming is allowable under PSL 120 when the change of Measurement Class is from NHH to HH.

Where the change of Measurement Class is from NHH to HH, the Group noted that there may be a need to deem a final NHH read in exceptional circumstances where one is not provided by the MOA. However, the Group noted that it may not be necessary to deem in this circumstance as the Metering System can be settled on the EAC.

The Group also believed that it is important to deem an initial NHH Meter reading where the change of Measurement Class is from HH to NHH as this will help with subsequent validation. However, the Group stated that this type of deeming should only be used in exceptional circumstances as it does not have a Settlement benefit. Reasonable endeavours should therefore be made to obtain a valid read in advance of applying a deemed read.

The Group discussed the initial consultation responses in relation to change of Measurement Class and

noted that a number of respondents felt that deeming should be allowable in this circumstance for the same reasons as those given under reconfiguration or replacement of a Metering System. One consultation respondent had stated that it did not believe that the deeming of initial Meter readings when the Measurement Class changed from HH to NHH should be allowable, since the MOA should always take a read in this event. However, this respondent subsequently accepted the rationale of the Group that there were benefits to allowing deeming in the small number of cases where the read is not obtained or communicated.

Therefore the Group concluded that deeming of both the final NHH Meter reading and the initial NHH Meter reading should be allowable in the exceptional circumstances where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in these circumstances; it would be left to the Supplier's discretion.

In the cases where a valid final NHH read is not obtained (or not available) the NHHDC should deem a Meter reading using the last valid EAC. In the cases where the initial NHH read is not obtained (or not available) the NHHDC should wait until they have obtained a valid Meter reading via a normal reading cycle. The NHHDC should then deem a read backwards from the new valid read using a class average EAC.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Energisation on a New Connection

Deeming on energisation of a new connection is not currently allowable under the Code or any CSD, although a number of NHHDCs are deeming in this situation due to constraints in their system.

On energisation of a new connection, an initial read is required. This should be taken by the MOA when the Meter is energised. The Group noted that there may be a need to deem an initial read in the exceptional circumstances where one is not obtained or passed to the NHHDC. Furthermore, it was also noted that it is difficult to deem accurately in this circumstance as the energisation date may not be known. This occurs where the energisation date is not communicated to the NHHDC. The Group believed that the Supply Start Date or the installation date of the Meter (which ever is later) should be used as the energisation date unless other information is available to establish the date.

The Group noted that if the NHHDC discovered that a Meter had been energised and had not been informed of this by the Supplier or the MOA, the NHHDC should investigate the energisation status of the Meter with the Supplier. The NHHDC should only deem an initial reading for the Meter when the Supplier has confirmed to it that the energisation status of that Meter is energised.

The Group discussed the initial consultation responses regarding deeming a read for Meters which have been energised on a new connection and noted that most respondents felt that deeming in this circumstance should be allowable. One respondent to the consultation stated that a reading should always be taken on the energisation of a new connection. This respondent did not believe that the deeming of initial Meter readings should be allowable. However, the respondent subsequently accepted the rationale of the Group that there were benefits to allowing deeming in the small number of cases where the read is not obtained or communicated.

The Group concluded that deeming should be allowable on energisation of a new connection in the exceptional circumstances where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

When deeming an initial read on energisation of a new connection, the NHHDC should wait to obtain a valid Meter reading and then deem backwards using a class average EAC (similar to the reconfiguration or replacement of a Metering System process described above).

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

De-energisation

Deeming on de-energisation is not currently allowable under the Code or any CSD.

When a Meter is de-energised the NHHDC will require a valid final Meter reading to be processed. The Group noted that there may be a need to deem a read in exceptional circumstances where one is not provided by the MOA and the NHHDC has made all reasonable endeavours to obtain a reading.

The Group discussed the consultation responses regarding deeming for de-energised Meters and noted that the majority of respondents agreed that deeming in this circumstance should be allowable. One consultation respondent stated that deeming should only be allowable where the de-energisation date was known.

The Group considered this response and agreed that if the NHHDC discovered that the Metering System had been de-energised and had not been informed of this by the Supplier or MOA, the NHHDC should investigate the true energisation status with the Supplier. A de-energisation reading should not be deemed until the Supplier has confirmed that the energisation status of de-energised is correct.

The Group also stated that if the Supplier confirms that the Metering System should be de-energised but is unable to provide the date of de-energisation, the NHHDC should contact the MOA to find out the de-energisation date. If no de-energisation date can be found then the deemed read should be calculated on the date that the NHHDC was informed that the Metering System had been de-energised. The NHHDC should deem the Meter reading using the last valid EAC.

Further to this the Group agreed that when a final de-energisation reading has been deemed and then an actual reading is obtained when the Meter is subsequently energised, if there is a discrepancy between the two readings, the final deemed reading can be replaced by the energisation reading provided that RF has not passed the de-energisation date.

The Group concluded that deeming should be allowable in the exceptional circumstance where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Energisation (not on a new connection)

Deeming on energisation following a period of de-energisation is not currently allowable under the Code or any CSD.

If a Meter is energised following a period of de-energisation, an initial Meter reading should be taken at the time of the energisation.

The Group discussed the initial consultation responses regarding deeming for energised Meters and noted that the majority of respondents felt that deeming in this circumstance should be allowable. One consultation respondent stated that it was not appropriate to deem an energisation read if this was based on a de-energisation read which had also been deemed.

The Group stated that it is extremely unlikely that a read will not be obtained by the MOA on both de-energisation and subsequent energisation. If the de-energisation read is obtained, but no energisation read is available then the NHHDC should use the de-energisation read as the energisation read. However in the very few cases in which the NHHDC does not receive either the de-energisation read or the energisation read then the NHHDC may deem a de-energisation read using the last valid EAC, and substitute this read for use as the energisation reading. The Group acknowledged the concerns of the consultation respondent who did not support deeming. However, they felt that this example was extremely unlikely to occur and that deeming would only be used as a last resort.

The Group concluded that deeming should be allowable where a Meter is energised following a period

of de-energisation in the exceptional circumstances where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Removal of Meter / Disconnection of Metering Point

Deeming on removal of Meter/disconnection of a Metering Point is not currently allowable under the Code, although it is allowable under PSL 120.

When a Meter is removed or disconnected, the NHHDC may require a final read. The Group noted that there may be a need to deem a read where a valid read was unavailable or was not communicated to the NHHDC. The Group noted that it is not necessary to deem in this circumstance as the Metering System could be settled on the EAC. This is consistent with the conclusion regarding the reconfiguration or replacement of a Metering System as detailed above.

The Group stated that where the Meter had been de-energised prior to the removal of the Meter/disconnection of the Metering Point, and a de-energisation reading had been recorded, this reading should be used as the removal of Meter/disconnection of Metering Point reading for the date of this action.

The Group discussed the initial consultation responses regarding deeming for the removal of a Meter/the disconnection of a Metering Point and noted that most respondents felt that deeming in this circumstance should be allowable. One consultation respondent had stated that deeming was not required as the site could be settled on an EAC.

The Group concluded that deeming should be allowable on removal of a Meter/disconnection of a Metering Point in the exceptional circumstances where the MOA fails to obtain or pass a read to the NHHDC. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

The Group stated that it had concerns that deeming may not be particularly accurate in this circumstance as it may be difficult to know when the Meter was removed or the Metering Point disconnected and therefore the date on which the reading should be deemed to.

The Group stated that in this scenario the NHHDC should:

1. Attempt to find the de-energisation date in the first instance from the MOA and deem to this date.
2. If this is not available then the NHHDC should attempt to obtain the disconnection date from the LDSO. The LSDO has an obligation under BSCP 501 "Supplier Meter Registration Service" to keep a record of the disconnection date and communicate it to the Supplier. The NHHDC could then deem to the disconnection date.
3. If no information can be obtained, as a last resort, the date that the Metering Point was found to be disconnected should be used as the date to which a read should be deemed.

Once a date has been for selected for deeming to, the NHHDC should calculate the deemed reading using the last valid EAC.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Identification of Site as Demolished.

Deeming where a site is found to be demolished is not currently allowable under the Code or any CSD.

When a site is demolished the NHHDC will require a valid final Meter reading to be processed. The Group noted that it may be desirable to deem a read where a valid read was unavailable or was not communicated to the NHHDC. The Group noted that it is not necessary to deem in this circumstance as the Metering System could be settled on the EAC. This is consistent with the conclusion regarding the reconfiguration or replacement of a Metering System as detailed above.

The Group discussed the initial consultation responses regarding deeming where a site is found to be demolished and noted that the majority of respondents felt that deeming in this circumstance should be allowable. One consultation respondent did not think that deeming should be allowable as the site could have been empty for some time and therefore the EAC may not have the correct consumption on it. Another respondent felt that it was unclear as to what constitutes the notification of the demolition of a site.

The Group acknowledged that deeming in this situation would not necessarily be accurate, however they felt that in the exceptional circumstance that the NHHDC discovered a site had been demolished they may require a final reading.

The Group concluded that deeming should be allowed in this circumstance where a valid final read has not been obtained or communicated to the NHHDC by the MOA, however they also agreed that where a de-energisation, removal of Meter or disconnection of Metering Point reading had been recorded, that this reading should be used as the final reading before demolition. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

The Group acknowledged that it may be difficult to know when the site was demolished and that in this scenario the NHHDC should:

1. Attempt to find the de-energisation date in the first instance from the MOA and deem to this date.
2. If this is not available then the NHHDC should attempt to obtain the disconnection date from the LDSO. The LDSO has an obligation under BSCP 501 "Supplier Meter Registration Service" to keep a record of the disconnection date and communicate it to the Supplier. The NHHDC could then deem to the disconnection date.
3. If this is not available then the NHHDC should attempt to obtain the demolition date from the Local Authorities and deem to that date.
4. If no information can be obtained, as a last resort, the date that the Site was found to be demolished should be used as the date to which a read should be deemed.

Once a date has been for selected for deeming to, the NHHDC should calculate the deemed reading using the last valid EAC.

The process the NHHDC must follow before being able to deem a Meter reading is detailed in Annex 2.

Change of Profile Class

Deeming on change of Profile Class is not currently allowable under the Code or any CSD.

The Group noted that a number of NHHDCs are currently deeming Meter readings on change of Profile Class, because their systems have been designed to expect a reading on change of Profile Class. It was suggested that a workaround solution would be to only instigate a change of Profile Class when a Meter reading has been obtained. However it was noted that the annual load research would often trigger bulk change of Profile Class and often Meter readings would not be available at the same time.

The Group were minded to allow deeming in this circumstance but requested that participants indicate the rationale for allowing it when responding to the initial consultation. The Group believed that if

deeming was to be undertaken on change of Profile Class, the NHHDC should deem using the last valid EAC.

The Group discussed the initial consultation responses in relation to change of Profile Class and noted that most respondents felt that deeming in this circumstance should be allowable due to NHHDC system constraints. However, a few respondents did not feel that deeming should be allowable as there is no Settlement or billing requirement for a read to be processed in this scenario.

Although the Group agreed that deeming on change of Profile Class was not required for Settlement or billing purposes, they concluded that deeming in this circumstance should be allowable as many NHHDC systems have been designed to expect a reading on change of Profile Class. Deeming would not be mandatory in these circumstances; it would be left to the Supplier's discretion.

On change of Profile Class the NHHDC should deem a Meter reading using the last valid EAC.

Archiving of Profile Coefficients

Deeming to enable NHHDCs to archive Profile Coefficients is not currently allowable under the Code, however, it is allowable under PSL 120.

Due to system storage issues the NHHDC may wish to archive historic Daily Profile Coefficients (DPCs). The Group noted that before DPCs can be archived NHHDCs need to ensure that all Metering Systems have had a valid Meter reading since the latest date to be archived.

The Group noted that it is no longer possible to process any AAs or EAC's against particular Settlement Periods once archiving of the DPCs for those Settlement Periods has been undertaken. The Group also stated that with this in mind, NHHDCs should ensure that archiving does not take place until RF at the earliest.

The Group discussed the initial consultation responses regarding deeming to enable the NHHDC to archive Profile Coefficients and noted that all of those respondents that expressed an opinion agreed that deeming should be allowable in this circumstance.

The Group concluded that deeming to enable the NHHDC to archive Profile Coefficients should be allowable. Deeming would not be mandatory in this circumstance; it would be left to the Supplier's discretion.

The Group noted that if a reading is deemed in this circumstance it should be deemed using the last valid EAC on any date between the archiving date and the latest date to be subjected to RF.

Compensating Crystallised Errors

This deeming circumstance is currently not allowable under the Code or any CSD, however deeming is being carried out in this circumstance due to an operational workaround put in place to cleanse erroneously large EACs/AA. This workaround was documented in pre NETA Circular CEO00557 "Erroneous EAC/AA Data Cleansing Guidance".

If RF is settled on an EAC, and then a new Meter reading is obtained suggesting that the EAC that has been processed at RF is incorrect then Gross Volume Correction (GVC) can be used to correct this error (see Annex 6 for a full explanation of the GVC process). Likewise if an invalid read has been taken that creates an invalid AA that spans a crystallised period or if an error is identified which spans a crystallised period then GVC can be applied. GVC will compensate for the error in the fluid period. The NHHDC will also need to create an accurate forward looking EAC to avoid error going forward.

The Group considered the advantages and disadvantages of the GVC process:

Advantages

- GVC allows the creation of a realistic EAC (e.g. profile class average EAC) which can be used to replace an EAC that has been calculated from a large (negative or positive) compensatory AA. This EAC has the benefit of putting a Metering System's rate of consumption 'back on track' and reduces the risk of subsequent valid readings being erroneously invalidated due to the incorrect forward EAC value. It should also be noted that this could be applied as a stand-alone technique.
- 'Error freezing has the benefit of allowing erroneous AA/EACs to be withdrawn, such that the impact of the error for dates yet to be subject to a RF run can be limited.
- 'Gross Volume Correction' accurately describes the effect of undertaking this process, to the extent that the total volume between two valid actual (or realistic) readings will be correct.

Disadvantages of GVC

- GVC can be a very complicated and manually intensive process particularly when changes of Supplier and/or Meters have taken place. As such there is a high risk of it being applied incorrectly.
- GVC is a process that should be used sparingly to correct extreme rates of consumption. Because the technique is applied to erroneously large AA/EAC values, there is a heightened risk of the misapplication of the technique resulting in further extreme errors. Settlement has been delayed once as a result of extremely incorrect values being calculated due to the misapplication of GVC.
- When GVC is applied, the error which has crystallised in one period is compensated for in another period. As such, if GSP Group Correction Factors vary between the period of the error and the period of correction, the Supplier that is subject to the erroneous value may be under or over-compensated for the error as a result of GVC, with the effect that other Suppliers in the GSP Group enjoy/suffer the opposite effect via GSP Group Correction.
- The ablilty to use GVC to correct error may disincentivise Suppliers and their Agents from employing the correct level of controls to ensure that erroneously large AA/EAC values are prevented from entering Settlement.

The Group discussed the initial consultation responses in relation to compensating crystallised errors and noted that all of those respondents that expressed views agreed that deeming should be allowable in this circumstance.

The Group concluded that although GVC was a complex and highly manual process deeming should be allowable to ensure that the gross volume of energy for a Supplier is correct where errors had previously been crystallised in Settlement.

It should be noted that when this issue was discussed by the Supplier Volume Allocation Group (SVG) under CP910 (SVG/33/450), the SVG requested that de-minimis levels were included above which GVC is mandatory. The Group discussed this point, however they believed that correction of error is not mandated in any other area and that the definition and application of de-minimis levels would be very difficult (since the NHHDC would have to consider the possible error in every EAC and AA, as a large EAC or AA would not imply that it is erroneous). The Group felt that it was not appropriate or cost effective to mandate the correction of every error; it would be left to the Supplier's discretion.

Change of Agent

Deeming on change of Agent is not currently allowable under the Code or any CSD.

The Group noted that there is no Settlement benefit achieved by deeming where there is just a change of Agent.

The Group discussed the consultation responses regarding deeming on Change of Agent and noted that the respondents were split on whether deeming in this circumstance should be allowable.

The Group concluded that deeming in this particular circumstance alone should not be allowable as the Supplier should ensure that the change of Agent process is correctly executed and also because a reading is not required on a change of Agent. However, where a change of Agent occurs coincident with another event, deeming would be allowable if allowed by the other event.

Long Term Vacant Premises

Deeming for long term vacant premises is not currently allowable under the Code or any CSD.

The Group noted that SVG paper SVG/34/470 "Treatment of Unoccupied Sites within Settlements" proposed a solution to some anomalies caused within Settlements, where a site is empty but has not been de-energised. The SVG initially requested that further work be carried out in this area, however no solution has been developed.

The Group also noted that if the a site was incorrectly determined as being long term vacant when occupied or visa versa, and a Meter reading had been deemed, once a valid Meter reading is obtained it may be necessary to undertake GVC and reset the forward looking EAC to account for anomalies.

The Group discussed the initial consultation responses regarding deeming for long term vacant premises and noted that the majority of respondents did not think deeming should be allowable in this circumstance. The majority of respondents felt that deeming would not address the real problem with long term vacant sites.

The Group concluded that deeming in this particular circumstance should not be allowable. The Group stated that it is difficult to ascertain when the long term vacancy starts and finishes and therefore deeming would in this circumstance introduce risk to the accuracy of Settlement. In addition, the Group felt that deeming in this circumstance was wider than the scope of P176.

It should be noted that two respondents to the second consultation noted disappointment that deeming for long term vacant sites had not been included as one of the allowable circumstances in the Modification proposed by the Group. The Group had sympathy with these respondents however they still agreed that deeming should not be used to address the issue. ELEXON will therefore present the issue to SVG for further consideration.

1.4.3 Mandatory or Optional deeming

This section summarises the Group's overall views on whether deeming should be mandatory or optional. Initially the Group considered whether deeming should be mandatory in all cases where it is allowable. It was felt that this would ensure consistency across the processes undertaken by NHHDCs. However, the Group were concerned that this was inconsistent with the principle of deeming in exceptional circumstances only.

Next the Group considered whether deeming should be optional in all cases. This would mean that it would be the Suppliers' responsibility to decide whether the relevant NHHDC should deem in specific circumstances. Furthermore the Group noted that the Supplier could agree in principle that deeming should be carried out in certain circumstances and put in place the requisite agreements with their NHHDCs. However the Group felt that in some situations there should be an obligation on Suppliers to use a deemed Meter reading if an actual reading could not be obtained.

Therefore the Group concluded that deeming should be mandatory when a Meter reading is required to split Suppliers' liabilities or to ensure there are no gaps in data entering Settlement as this impacts other Suppliers and Customers. The Group believed that deeming should be mandated in as few other places as possible on the basis that Settlement does not always require a reading, as it is possible to

settle on an EAC. Suppliers would then be able to choose whether to request their Agents deem in these scenarios or not.

1.4.4 Code Versus Code Subsidiary Documents

The Group concluded that:

- The detailed deeming information that is currently in the Code should be consolidated and the deeming calculations should remain in the Code.
- The deeming circumstances which are currently detailed within the Code and PSL120 should be removed.
- The deeming processes, circumstances and criteria where deeming is allowable will be drafted in BSCP504.
- An umbrella statement should be added to both the Code and PSL120 referencing the deeming processes and circumstances in BSCP504.

A number of respondents to the initial consultation did not agree with the Group regarding the location of the rules for deeming. In response to the concerns raised, the Group agreed that it would be useful to issue a further consultation. This would include both the draft legal text showing the proposed changes to the Code, and also plain English text detailing the proposed changes to BSCP504 and PSL120. The Group acknowledged that P176 was proposing to remove significant detail from the Code and they therefore wanted to ensure that the proposed changes to the CSDs were visible during the Assessment Procedure. Having seen the proposed changes to the Code and CSDs, the respondents to the second consultation document unanimously agreed with the Group's conclusions regarding the location of the deeming rules.

It should be noted that, if P176 is approved any unrelated changes made to PSL120 and BSCP504 between now and the P176 Implementation Date can be accommodated.

1.4.5 System Impacts

The Group discussed whether changes to the EAC/AA calculator functionality should be proposed as part of P176. The Group noted that P176 is designed to define the processes for deeming and the circumstances in which deeming is allowable. It was agreed that the functionality of the EAC/AA Calculator is subsidiary to this as changes to the calculator can be proposed via the Change Proposal route.

The Group noted that there are already some proposals within the Change Management process that seek to amend the functionality of the EAC/AA Calculator.

It was noted that CP1081 "EAC/AA Changes to Allow Manual Initiation of a Deemed Meter Advance Calculation" would allow a manual interface with the calculator and the ability to calculate on the spot DMAs where there are currently system constraints.

The Group also noted that the Software Technical Advisory Group (STAG) had discussed an issue where deeming is carried out for a Metering System during a de-energised period. When a deemed advance is calculated in this scenario it is calculated from the last valid EAC which incorrectly creates a non-zero advance over the de-energised period. The STAG are currently assessing the potential solutions to resolve the problem.

The Group felt that both of these issues should be considered separately to P176. It was agreed that no system changes were required as part of the implementation of P176.

1.4.6 Audit Trail Requirements

The current Audit trail requirements are set out in section 1.1.5 of PSL120 'Party Service Line for Non-Half Hour Data Collectors' and state that the NHHDC shall retain the Settlement data acquired or held by it for at least 40 months. The NHHDC shall ensure that all data and other information acquired or held by it as NHHDC is made available at all reasonable times upon request for inspection and copying by the BSC Auditor, as well as others.

The Group noted that it would be necessary for the NHHDC to be able to report where a read had been deemed, the reason that the reading had been deemed and the process followed for deeming.

The Group discussed whether there would need to be specific audit requirements in relation to deeming and whether additional reporting to the Performance Assurance Board (PAB) should be put in place. However, the Group did not feel that this was necessary as the suggested changes to BSCP504 clearly set out the limited circumstances where deeming could be used. It was noted that the PAB would be able to request additional monitoring in this area in the future, if required.

In conclusion the Group agreed that provided there are clear criteria contained in the Code or CSD stating when deeming is allowable, then NHHDCs should be aware of the situations when they can deem Meter readings and they should retain information, for Audit purposes, to demonstrate that the criteria were met.

1.4.7 Procedural Impact on Parties

The Group discussed the potential procedural impacts on Parties which were originally highlighted in P176 Initial Written Assessment.

Reporting to Suppliers and New Statuses for Deemed Readings

The Group agreed that it would be necessary for the NHHDCs to communicate to Suppliers where Meter readings had been deemed and the process used for deeming. The Group stated that this information is particularly important when GVC has been applied as Suppliers will not base Customer bills on these values.

The Group noted that the D0010 "Meter readings" Data Transfer Catalogue (DTC) Flow currently contains a data item which highlights the reading type of "deemed". The Group agreed that this would be sufficient as long as the D0010 is correctly populated, NHHDCs highlight all cases where a read is deemed, and an Audit trial is maintained. It was further noted that currently the circumstance in which a Meter reading was deemed can not be ascertained from the available reading types on the D0010. However, the Group stated that the circumstance for which deeming was undertaken could be derived by analysing the Metering System records to see which other events occurred around the same time as the processing of the deemed read.

Application of Effective Dates by NHHDC systems when GVC is applied

The Group stated that GVC becomes much more complicated when the correction is attempting to take account of a period where there has been a standing data change. For example, where there has been a change of Meter during the crystallised period but where this was not communicated to the NHHDC. In this scenario, the error that has frozen will not relate to the Meter on site.

The Group believed that although the step by step process of GVC would be included in the CSDs, a guidance note would be useful which contains worked examples, including one in which an incoming data flow received by the NHHDC covers a change to standing data on a date which took place in a period where Settlement data has already crystallised.

Record of Replacement EACs

This applies when GVC has been carried out and the EAC going forwards that would normally be used in Settlements has been replaced by a realistic EAC. The Group noted that there are currently no requirements to have statuses associated with EACs. However, the Group believed that it would be possible to find out if an EAC had been replaced as part of the GVC process as this should happen in limited cases and an Audit trail should have been kept.

Transfer of Histories

The Group noted that on change of Agent, historical Metered Data will be transferred from the old to the new NHHDC. The Group noted that the new NHHDC will know where a Meter reading has been deemed as the D0010 will contain a reading type of "deemed". As stated above there is no obligation to keep a record of where EACs have been replaced and therefore this information would not be available or transferred.

Effective Date Limitations on Retrospective Deeming

The Group noted that there may be some difficulties in deeming retrospectively, i.e. deeming backwards to create an initial Meter reading as standing data changes and changes to SMRS may limit the ability to apply deemed reads. However a change to standing data that will limit the ability of the NHHDC to deem readings is likely to require a reading in its own right. For example, if an initial Meter reading for a new Meter was not taken and a reading was to be deemed backwards from the first actual reading taken, and then the Meter was changed, a final reading should be taken on the change of Meter. If this is not taken, then an initial Meter reading cannot be calculated as there will be no reading to calculate it from.

The Group also noted that an initial reading could only be deemed backwards whilst the date of the initial reading has not passed though the RF run.

1.4.8 Definition of the Term Deemed Meter reading;

The Group noted that there is a difference between a Deemed Meter Advance (DMA) (which is defined in the Code) and a deemed Meter reading (which is not defined in the Code, but is referred to in PSL120 and BSCP504).

A deemed Meter reading is effectively a Meter reading plus (or minus) a DMA. The Group discussed whether the definition of deemed Meter reading should be included in the Code.

The Code currently only recognises Meter Advances; it does not recognise Meter readings. The Group therefore believed that the term deemed Meter reading should not be defined in the Code, but it should be defined in Code Subsidiary Documents.

1.4.9 Incentives on Suppliers to Obtain Actual Meter readings

Once a Meter reading is deemed, this reading is used to calculate an AA. Since in most of the above cases, the deemed Meter reading has been calculated using an EAC, the EAC will be replaced in Settlements with an AA of the same value. It could be argued that this will artificially inflate the percentage AA in Settlements, which could lead to a reduction in the amount of Supplier Charges to be paid.

The Group discussed whether this would mean that there is less incentive for obtaining a read. It was noted that one way to incentivise Parties to obtain actual Meter readings would be to differentiate between actual reads and deemed reads in reports submitted to the Performance Assurance Board (PAB). However, the Group felt that since they have stated that deeming should only occur in exceptional circumstances (i.e. when the NHHDC has made reasonable endeavours to obtain a reading) this does not lessen the incentive for the NHHDC to obtain an actual reading. The Group also felt that

it is valid for the deemed reading to be used to calculate an AA in all the circumstances described above as this will ensure that valid Meter reading history is available going forwards.

1.4.10 Potential Interaction with BETTA Implementation.

A potential interaction with BETTA implementation was flagged up in the IWA. There is a reference to paragraph 4.3.11 of Annex S-2 of the Code in paragraph I10 of the Code. If P176 had amended or renumbered paragraph 4.3.11 of Annex S-2 then a Proposed Transitional Modification would have to have been raised to amend section I10. The Group considered this interaction when drafting the legal text and have confirmed that no issue exists since paragraph 4.3.11 of Annex S-2 has not been altered or re-numbered.

1.5 Assessment of Proposed Modification Against the Applicable BSC Objectives

The Group has identified potential impacts on the achievement of Applicable BSC Objectives (c) and (d). The following subsections summarise the views expressed by the Group against these objectives.

1.5.1 Applicable BSC Objective (c)

Applicable BSC Objective (c) is as follows:

> *"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."*

The Proposer believes that Applicable BSC Objective (c) is better facilitated by reducing the issues associated with inaccurate change of Supplier Meter readings and consumption histories, which have a relatively greater impact on new and more active Suppliers, and reducing BSC Audit issues, which are likely to be of more significance to new/smaller Suppliers and Generators.

1.5.2 Applicable BSC Objective (d)

Applicable BSC Objective (d) is as follows:

> *"Promoting efficiency in the implementation and administration of the balancing and settlement arrangements."*

The Group considers that Applicable BSC Objective (d) is better facilitated by providing defined mechanisms for the rectification of anomalies, preferably minimising the uncertainties, delays and costs created by the need for Post Final Reconciliation Runs (DF) or Extra-Settlement Determinations, and thereby facilitating their timely resolution.

The Group also believed that Applicable BSC Objective (d) was better facilitated as it would remove the perceived conflict between the Code and CSDs thus making the process of deeming and the circumstances in which deemed readings can be calculated easier to understand.

1.6 Alternative Modification

Two consultation respondents suggested potential alternatives during the initial Assessment Consultation.

The first suggestion was that Supplier estimates should be used on change of Supplier rather than deemed Meter readings. The Group noted that this issue was being discussed by the CTP and felt that it was out of scope for P176 which was focussed on formalising the processes for deeming Meter readings. Therefore they agreed that this issue should not be progressed as an alternative to P176 but

could be addressed via a separate Modification Proposal[3].

The second suggestion was that the initial read on change of Meter should not be capped at zero. The Group agreed that it was possible for reconditioned Meters to be installed where the initial read would not be zero. Therefore the solution for deeming initial reads on change of Meter was amended to remove the requirement to cap the value at zero. This was done as part of the Proposed Modification and therefore an Alternative Modification was not required.

No other potential alternatives were suggested by the Group therefore no Alternative Modification has been developed.

1.7 Governance and Regulatory Framework Assessment

No impact on the statutory, regulatory and contractual framework within which the Code sits was identified by the Group.

2 COSTS[4]

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£1500
Legal/expert Cost	£0
Impact Assessment Cost	£0
ELEXON Resource	60 Man days £15,050

IMPLEMENTATION COSTS

		Stand Alone Cost	P176 Incremental Cost	Tolerance
Total Demand Led Implementation Cost		£0	£0	+/- 0%
ELEXON Implementation Resource Cost		66 Man days £14,520	46 Man days £10,120	+/- 10%
Total Implementation		£14,520	£10,120	+/- 10%

[3] Subsequent to this, Modification Proposal P183 "Additional Mechanisms for Obtaining a valid Change of Supplier Read" was raised, which proposes to allow Supplier estimates to be used on change of Supplier.

[4] Clarification of the meanings of the cost terms in this section can be found in annex 9 of this report

Cost				

ONGOING SUPPORT AND MAINTENANCE COSTS			
	Stand Alone Cost	**P176 Incremental Cost**	**Tolerance**
Service Provider Operation Cost	£0 per annum	£0 per annum	+/-0%
Service Provider Maintenance Cost	£0 per annum	£0 per annum	+/-0%
ELEXON Operational Cost	£0 per annum	£0 per annum	+/-0%

3 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

The Group believes that P176 better facilitates achievement of Applicable BSC Objectives (c) and (d) for the reasons given in 1.5 of this document.

- **It is therefore recommended to the Panel that P176 be approved.**

To minimise implementation costs the Group believes that P176 should be implemented as part of a scheduled release. The proposed Implementation Date has been agreed by taking into account impact assessments provided by BSCCo, Parties and Party Agents.

- **It is therefore recommended that the Implementation Date is 3 November 2005 if an Authority decision is received on or before 1 June 2005, or 2 March 2006 if the Authority decision is received after 1 June 2005 but on or before 1 September 2005.**
- The Group has reviewed the draft legal text and agrees that it adequately addresses the issue raised under P176.
- **It is therefore recommended that the draft legal text be issued for consultation in the Report Phase.**

The Group does not wish to seek an extension to the Assessment Procedure and believes that it has adequately covered each of the issues set out in its Terms of Reference.

- **It is recommended that P176 should proceed to the Report Phase.**

4 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following have been identified as potentially being impacted by the Proposed Modification.

4.1 BSCCo

BSCCo will be required to implement the changes to the Code, BSCP504 and PSL120 that have been proposed. No ongoing operational effort will be required as a result of P176.

4.2 BSC Systems

An assessment has been undertaken in respect of all BSC Systems and no areas have been identified as potentially being impacted by the Modification Proposal.

4.3 Parties and Party Agents

There were four responses to the second participant impact assessment (Annex 8).

One respondent felt that they would need six month to implement P176. As the longest lead time, this was initially used to set the implementation timescales which resulted in the first available Implementation Date being 2 March 2006. The Group requested that ELEXON investigate whether the respondent could implement the changes proposed by P176 any sooner than stated in its response. The respondent subsequently confirmed that it would only require three months to implement P176. The proposed Implementation Date has therefore been amended to reflect this reduced implementation timescale.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

P176 seeks to consolidate the detailed deeming information and the calculations for the deeming of Meter Advances which is currently documented in Annex S-2 of the Code. Secondly P176 will document within Annex S-2 how the EAC can be recalculated following deeming to ensure that estimates are realistic going forward. Thirdly P176 seeks to remove the references to the circumstances where deeming is allowable from the Code. Furthermore an umbrella statement will be added to Annex S-2 to link the deeming calculations to the allowable circumstances which will be documented in BSCP504.

Draft legal text is contained in Annex 1 of this document.

5.2 Code Subsidiary Documents

P176 aims to move the circumstances where deeming is allowable from the Code and add further provisions relating to the criteria which need to be met before deeming is allowable to BSCP504 "Non-Half Hourly Data Collection for Metering Systems Registered in SMRS".

P176 also aims to remove detailed deeming information from PSL120 "Non Half Hourly Data Collection" and replace it with an umbrella statement referencing BSCP504.

Plain English text explaining the changes required to both BSCP504 and PSL120 are contained in Annex 2 of this document.

This text has been consulted on during the Assessment Procedure and will be incorporated into the CSDs if P176 is approved.

Consequential changes will be required to BSCP514 'SVA Meter Operations for Metering Systems Registered in SMRS'. These will mirror the requirements that will be added into BSCP504 that affect the Meter Operator Agents.

5.3 BSCCo Memorandum and Articles of Association

Neither the BSCCo Memorandum nor its Articles of Association would be impacted by P176.

5.4 Impact on Core Industry Documents and Supporting Arrangements

The Core Industry Documents and supporting arrangements will not be impacted by P176.

6 SUMMARY OF CONSULTATIONS

Two consultation documents were issued during the P176 Assessment Procedure. The responses to these consultations have been summarised below. Full copies of the consultation responses are contained in Annex 5 of this document.

6.1 Initial Assessment Consultation Summary

The initial Assessment Consultation was issued on 23 November 2004 with responses due on 3 December 2004. 10 responses were received to the consultation (Annex 5), representing 50 Parties and 1 non-party. One respondent stated in it's response that it had no comment to make regarding P176.

Consultation question	Respondent agrees	Respondent disagrees	No opinion expressed
	No. of respondents (no. of Parties and non-Parties)		
1: Do you believe Proposed Modification P176 would better facilitate the achievement of the Applicable BSC Objectives?	8 (44+ 1)	0	1 (1) and 1 not sure (5)
2: Do you believe that the deeming processes outlined in the consultation document should be used going forwards?			
i) Deeming a Meter Advance forwards using EAC (Section 2.1.1)	8 (44 + 1)	1 (5)	1 (1)
ii) Deeming a Meter Advance using AA (Section 2.1.1)	8 (44 + 1)	1 (5)	1 (1)
iii) Deeming a Meter read by adding DMA to a Meter read (Section 2.1.2)	9 (49 + 1)	0	1 (1)
iv) Deeming a Meter read by subtracting DMA from a Meter read (Section 2.1.2)	9 (49 + 1)	0	1 (1)
v) Gross Volume Correction (Section 2.1.3)	8 (49 + 1)	1 (5)	1 (1)
3: Do you believe that deeming should continue to be allowed in the following circumstances?			
i) Change of Supplier (Section 2.2.1)	9 (49 + 1)		1 (1)
ii) Concurrent Change of Supplier and Measurement Class (Section 2.2.2)	9 (49 + 1)		1 (1)
iii) Change of Meter (Section 2.2.3)	9 (49 + 1)		1 (1)
iv) Deeming at RF to ensure that crystallised data is not changed post RF (Section 2.2.4)	9 (49 + 1)		1 (1)
4: Do you believe that deeming should be allowable in the following circumstances?			

i) Change of Measurement Class (Section 2.2.5)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
ii) Change of Profile Class (Section 2.2.6)	5 (19 + 1)	3 (25)	1 (1) and 1 not sure (5)
iii) Rectification of a Meter Fault (Section 2.2.7)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
iv) Energisation on a New Connection (Section 2.2.8)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
v) De-energisation (Section 2.2.9)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
vi) Re-energisation (Section 2.2.10)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
vii) Removal / Disconnection of Meter (Section 2.2.11)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
viii) Compensating Crystallised Errors (Section 2.2.12)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
ix) Identification of site as demolished (Section 2.2.13)	6 (29 + 1)	2 (15)	1 (1) and 1 not sure (5)
x) Change of Licensed Distribution System Operator (LDSO) (Section 2.2.14)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
xi) Change of Agent (Section 2.2.15)	4 (12 + 1)	4 (32)	1 (1) and 1 not sure (5)
xii) Archiving of Profile Coefficients (Section 2.2.16)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
xiii) Long Term Vacant Premises (Section 2.2.17)	3 (24 + 1)	5 (20)	1 (1) and 1 not sure (5)

5: If allowable, should deeming be mandatory or optional in the following circumstances?	**Mandatory**	**Optional**	**No opinion expressed**
i) Change of Supplier (Section 2.2.1)	6 (35 + 1)	1 (3)	2 (7) and 1 not sure (5)
ii) Concurrent Change of Supplier and Measurement Class (Section 2.2.2)	5 (21 + 1)	2 (17)	2 (7) and 1 not sure (5)
iii) Change of Meter (Section 2.2.3)	4 (12 + 1)	3 (26)	2 (7) and 1 not sure (5)
iv) Deeming at RF to ensure that crystallised data is not changed post RF (Section 2.2.4)	4 (21)	3 (17 + 1)	2 (7) and 1 not sure (5)
v) Change of Measurement Class (Section 2.2.5)	4 (12 + 1)	3 (26)	2 (7) and 1 not sure (5)
vi) Change of Profile Class (Section 2.2.6)	2 (2)	5 (36 + 1)	2 (7) and 1 not sure (5)
vii) Rectification of a Meter Fault (Section 2.2.7)	2 (10 + 1)	5 (28)	2 (7) and 1 not sure (5)
viii) Energisation on a New Connection (Section 2.2.8)	4 (12 + 1)	3 (26)	2 (7) and 1 not sure (5)
ix) De-energisation (Section 2.2.9)	4 (12 + 1)	3 (26)	2 (7) and 1 not sure (5)
x) Re-energisation (Section 2.2.10)	4 (12 + 1)	3 (26)	2 (7) and 1 not sure (5)

xi) Removal / Disconnection of Meter (Section 2.2.11)	3 (2 + 1)	4 (36)	2 (7) and 1 not sure (5)
xii) Compensating Crystallised Errors (Section 2.2.12)	2 (11)	5 (27 + 1)	2 (7) and 1 not sure (5)
xiii) Identification of site as demolished (Section 2.2.13)	2 (2)	5 (36 + 1)	2 (7) and 1 not sure (5)
xiv) Change of Licensed Distribution System Operator (LDSO) (Section 2.2.14)	3 (11 + 1)	4 (27)	2 (7) and 1 not sure (5)
xv) Change of Agent (Section 2.2.15)	2 (11)	4 (37 + 1)	2 (7), 1 N/A (3) and 1 not sure (5)
xvi) Archiving of Profile Coefficients (Section 2.2.16)	3 (12)	4 (26 + 1)	2 (7) and 1 not sure (5)
xvii) Long Term Vacant Premises (Section 2.2.17)	1 (1)	3 (23 + 1)	2 (7), 3 N/A (14) and 1 not sure (5)

6: Do you believe that the criteria detailed which needs to be met prior to deeming is sufficient in the following circumstances.	**Respondent agrees**	**Respondent disagrees**	**No opinion expressed**
i) Change of Supplier (Section 2.2.1)	7 (30 + 1)	1 (14)	1 (1) and 1 not sure (5)
ii) Concurrent Change of Supplier and Measurement Class (Section 2.2.2)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
iii) Change of Meter (Section 2.2.3)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
iv) Deeming at RF to ensure that crystallised data is not changed post RF (Section 2.2.4)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
v) Change of Measurement Class (Section 2.2.5)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
vi) Change of Profile Class (Section 2.2.6)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
vii) Rectification of a Meter Fault (Section 2.2.7)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
viii) Energisation on a New Connection (Section 2.2.8)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
ix) De-energisation (Section 2.2.9)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
x) Re-energisation (Section 2.2.10)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
xi) Removal / Disconnection of Meter (Section 2.2.11)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
xii) Compensating Crystallised Errors (Section 2.2.12)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
xiii) Identification of site as demolished (Section 2.2.13)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
xiv) Change of Licensed Distribution System Operator (LDSO) (Section 2.2.14)	7 (38 + 1)	1 (6)	1 (1) and 1 not sure (5)
xv) Change of Agent (Section 2.2.15)	7 (43 + 1)	0	2 (2) and 1 not sure (5)

xvi) Archiving of Profile Coefficients (Section 2.2.16)	8 (44 + 1)	0	1 (1) and 1 not sure (5)
xvii) Long Term Vacant Premises (Section 2.2.17)	5 (36 + 1)	1 (6)	3 (3) and 1 not sure (5)
8: Do you agree with the opinion of the Group that a definition of deemed Meter reading should be detailed within the BSCP and not the Code?	8 (44 + 1)	2 (1)	1

	CODE	**BSCP**	**PSL**	**Either CSD**	**No opinion expressed**
9: Do you believe the following should be in the Code or CSDs?					
9a) Processes for the calculation of deemed reads.	2 (13)	3 (8)	1 (9)	3 (19 + 1)	1
9b) Circumstances for deeming.	1 (1)	4 (19)	0	4 (29 + 1)	1
9c) Criteria for deeming.	0	5 (20)	0	4 (29 + 1)	1

6.2 Modification Group's Summary of the First Consultation

6.2.1 Achievement of the Applicable BSC Objectives

The majority of respondents felt that P176 would better facilitate the achievement of the Applicable BSC Objectives for the reasons given in the consultation document. The following specific points were made.

P176 would better facilitate the achievement of Applicable BSC Objective (c) as:

- Deemed Meter readings when actual readings do not exist would reduce data quality issues since the insertion of 'realistic' deemed readings will facilitate the validation and processing of subsequent genuine readings; and
- The issues with inaccurate change of Supplier readings would be reduced and these may be acting as a barrier to entry.

P176 would better facilitate the achievement of Applicable BSC Objective (d) as:

- It would remove the perceived conflict between the Code and CSDs;
- It would allow accurate data to be passed successfully into Settlements on a more timely basis; and
- It would provide a clear means of dealing with anomalies in the process.

One respondent felt that it was unable to comment on whether P176 would better facilitate the achievement of the Applicable BSC Objectives as there had not been sufficient time for it to fully consider the implications.

6.2.2 Use of Deeming Processes

The majority of respondents agreed that deeming of Meter Advances using either an EAC or an AA should continue to be allowed. In addition the respondents unanimously agreed that it should be

possible to deem by adding a Deemed Meter Advance to, or subtracting a Deemed Meter Advance from, a Meter reading. The following points in support of these views were made:

- This would enable Meter readings to be deemed correctly in the valid circumstances;
- Most of these methods are provided for in the Code and/or CSDs, and have been successfully used in the past;
- Although subtracting a Deemed Meter Advance from a Meter reading is not currently provided for in the Code, it is important to ensure that a robust mechanism is developed to cover all eventualities and to limit impacts arising from system functionality; and
- Each method can be applied in different circumstances to ensure improved data is submitted into Settlements.

One respondent stated that it did not believe that deeming a Meter Advance using either an EAC or AA should be used going forwards. This respondent subsequently confirmed that it did not disagree with deeming itself but felt that the option to use a Supplier estimate should be available as this might be equally valid and in some cases better than deeming from an EAC.

One respondent also noted that the deeming of a Meter reading by subtracting a Deemed Meter Advance from a Meter reading is reliant on CP1081 "EAC/AA Changes to Allow Manual Initiation of a Deemed Meter Advance Calculation" being approved and implemented.

Gross Volume Correction (GVC)

The majority of respondents believed that GVC should be used going forwards. The following reasons were given:

- The application of GVC needs to be maintained to ensure that the correct total volume being allocated to the Supplier is as realistic and accurate as possible;
- GVC is a sensible way of facilitating error correction; and
- GVC should only be allowable as an optional facility due to its complexity.

One respondent supported the use of GVC, however it noted that certain refinements to the process were desirable. In particular, the periods over which the correction should be applied and the setting of the forward looking EAC should be more tightly specified.

One respondent stated that it did not believe that GVC should be used going forwards as it felt that GVC was extremely complex and manually intensive. It also stated that the allocation of consumption across Settlement Periods is an estimate in itself since it is a function of the Profile Coefficients and the GSP Group Correction Factor.

6.2.3 Circumstances for Deeming – Currently Allowable

The majority of respondents agreed that deeming should continue to be allowed on change of Supplier, concurrent change of Supplier and Measurement Class, change of Meter and deeming at RF to ensure that crystallised data is not changed post Final Reconciliation (RF).

One respondent noted that the current circumstances for deeming are valid, as long as they are only used as a last resort. Safeguards should be put in place to ensure that deeming is only used when there is no realistic possibility of obtaining a physical read.

Specific comments were made in relation to each of the circumstances as detailed below.

Change of Supplier

- Deeming is essential to establish division of Settlement liabilities;

- The final read for the old Supplier and the initial read for the new Supplier must both have the same value for Settlement to be correct; and
- It may not be possible for the new NHHDC to wait until a valid Meter reading is obtained before deeming a change of Supplier read. This also conflicts with the CTP work which is aiming to prevent the Customer suffering a delay in receiving the final bill from the old Supplier/initial bill from the new Supplier.

Concurrent Change of Supplier and Measurement Class

- As above, deeming is essential to establish division of Settlement liabilities; and
- The mechanisms for deeming an initial read by the NHHDC need to be clearly and accurately defined.

Change of Meter

- This may be necessary to make the future EAC/AA process work;
- Deeming will facilitate Customer billing; and
- Initial Meter readings should always be taken by the Meter Operator and therefore deeming should not be necessary in this circumstance.[5]

Deeming at RF to ensure that crystallised data is not changed post RF

- Deeming is the best way of ensuring that the correct overall volume of energy is passed into Settlement where incorrect or inaccurate data has crystallised; and
- Deeming at RF ensures that data is not changed post RF.

6.2.4 Circumstances For Deeming - Additional

The majority of respondents felt that the deeming of Meter readings should be allowable in the circumstances supported by the Modification Group. Generally the circumstances not supported by the consultation respondents were change of Agent and long term vacant sites. The following comments were made in relation to each of the circumstances:

Change of Measurement Class

- Deeming may be necessary to make the future EAC/AA process work; and
- Deeming an initial read will facilitate subsequent validation.

Change of Profile Class

- Deeming should not be an allowable circumstance as no read is required for billing; and
- Deeming should be allowable due to constraints in NHHDC systems.

Rectification of a Meter Fault

- Strict guidelines would be required on how to tell when the Meter went faulty.

Energisation on a New Connection

- One respondent felt that deeming should not be necessary in this circumstance[5].

De-energisation

- It would be wrong to assume the date on which the site is found to be de-energised is the same as the de-energisation date.

[5] This respondent subsequently accepted that there were benefits to allowing deeming in the small number of cases where the read is not obtained or communicated.

Energisation (Not on a new connection)

- Substitution of the de-energisation read would be inappropriate if the de-energisation read itself had been deemed.

Removal/Disconnection of Meter

- One respondent commented that deeming should not be allowable as it is not clear what constitutes demolition of a site – in any case demolition should coincide with disconnection of the Meter where deeming is allowable; and
- Another respondent stated that the site could be settled on an EAC.

Compensating Crystallised Errors

- The corrected forward looking EAC will militate against an error being carried into future Settlement Periods.

Identification of Site as Demolished

- It may be inappropriate to use the EAC as the site may be empty for some time.

Change of Licensed Distribution System Operator (LDSO)

- Deeming should be allowable as it is essential that an initial and final read are obtained for each LDSO;
- Deeming will allow volume to be accounted for in the correct distribution area; and
- The need to effect the change of LDSO within agreed timescales means there may be little alternative to deeming.

Change of Agent

- Deeming should only be allowable in Supplier force majeure circumstances; and
- Deeming should not be allowable as there is no Settlement benefit when change of Agent is not coincident with any other event.

Archiving of Profile Coefficients

- Deeming may be essential for NHHDC processes.

Long Term Vacant Sites

- Deeming would not address the real problem as there are issues with the date of vacancy and reoccupation;
- Allowing deeming could lead to a large volume of Metering Systems erroneously under reporting consumption; and
- Setting the EAC to zero may be more appropriate.

A number of respondents reiterated that where deeming is allowable to ensure the correct data enters Settlement, it should only be used in exceptional circumstances.

One respondent felt that they were unable to comment on whether deeming should be allowable in the above circumstances as there had not been enough time to fully consider the implications.

6.2.5 Mandatory Versus Optional

On balance there was a mixed response to whether deeming should mandatory or optional in the circumstances detailed in the consultation document.

The following specific comments were made:

One respondent felt that the utilisation of deeming should be optional for Suppliers, but where instructed by the Supplier, it should be a mandatory process for the NHHDC to process.

Another respondent felt that deeming should be mandatory in all circumstances as deemed Meter readings should only be used when required to allow the Settlement process to function and therefore in these scenarios deeming should be mandatory.

One respondent believed that the deeming of reads should be mandated only in those circumstances where reads would absolutely be required, either for billing or to protect the integrity of Settlements. This respondent noted that making deeming mandatory could increase the number of Audit issues raised against NHHDCs who have not deemed a reading.

Similarly other respondents indicated that deeming should be mandatory when the failure to deem would have an impact on other Suppliers or the customer, for example on change of Supplier.

One respondent felt that they were unable to comment on whether deeming should be mandated as there had not been enough time to fully consider the implications.

6.2.6 Deeming Criteria

Most respondents felt that the criteria, detailed in the consultation document, which need to be met prior to deeming would be sufficient in all cases.

However, two respondents did not believe that the criteria detailed in relation to change of Supplier were sufficient as they do not distinguish between the steps to be taken in relation to failure of the old Supplier and Agents and the steps to be taken where the new Supplier and Agents are responsible for the failure. One of these respondents also stated that deeming backwards should only be invoked in the last instance when all other avenues have been exhausted.

One respondent did not believe the criteria to be sufficient for a number of circumstances. This respondent did not comment specifically on the criteria detailed, but in it's responses to an earlier question it mentioned the difficulties involved with ascertaining the correct dates for deeming and stated that this could cause issues with accuracy in Settlements.

One respondent commented that the term 'reasonable endeavours' should be more clearly defined.

6.2.7 Deeming on Change of Profile Class

The majority of respondents to the consultation felt that deeming on change of Profile Class should be allowable due to constraints in NHHDC systems. One of these respondents stated that it may be that these systems should be revised in the longer term.

Two respondents stated that deeming should not be allowable on change of Profile Class as no read is required for Settlement or billing purposes.

6.2.8 Deemed Meter reading Definition

The majority of respondents to the consultation agreed that a definition of deemed Meter reading should be detailed within the BSCP and not the Code.

Initially two respondents did not agree that this should be the case. However, after subsequent discussions one respondent agreed that the definition should be in the BSCP.

One respondent felt that this definition should be referenced within the Code, but also stated that it would not be necessary to place process specific definitions within the Code and that these should be added to the CSDs.

6.2.9 Code Versus CSDs (CSDs include BSCPs and PSLs)

Overall it was felt that the processes for the calculation, the circumstances and criteria for deeming should be documented within the BSCP, although many respondents felt that it could be documented in either CSD. A minority of respondents stated that the calculation and circumstances should be in the Code.

One respondent stated these should not be documented in the Code as Agents have less visibility of Code changes and will not become aware of changes that relate to deeming directly.

Another respondent stated that if detailed deeming information is to be removed from the Code it is important to include unambiguous links between the PSL, the BSCP and the Code.

6.2.10 Alternative Solutions

Two respondents to the consultation outlined potential alternative solutions:

One respondent felt that Supplier estimated reads could be used instead of the deeming of Meter readings.

Another respondent felt that it is not necessary to cap the deemed initial reads on a new connection to zero, as a new Meter may not have been installed and therefore applying a zero value would be inaccurate.

6.2.11 Further Comments

The following comments were made:

One respondent stated that by widening the set of circumstances in which deemed reads are acceptable the accuracy of Settlements could be reduced. This could prove costly for LDSOs as they rely on Suppliers' Settlement submissions for their Use of System Charging.

One respondent stated that as the CTP is in the process of developing the change of Supplier process, these developments should be monitored.

Two respondents raised concerns that there had not been sufficient time to consider the issues detailed in the first consultation document.

One respondent stated that it agreed with the proposal to remove the detailed procedures for deeming Meter Advances from the Code as it felt that putting all references in the CSDs would provide consistency.

One respondent considered that P176 may have a dependency on CP1081 being approved and another suggested that the progression of CP1081 should be taken into account as changes to the EAC calculator could have an impact on deeming issues.

Another respondent believed that the term "good EAC" should be defined as it could potentially be misinterpreted.

One respondent suggested that further work was needed to put in place a process for the treatment of unoccupied sites for Settlement as it was felt that the current process is unsatisfactory.

One respondent referenced the need to maintain assurance and the integrity of Settlement and stated that it is imperative that deeming continues to be used in exceptional circumstances only. Furthermore there is a need to maintain audit trails and resolve the root causes that make deeming necessary.

Finally one respondent emphasised the importance of ensuring that the drafting of the changes to the Code and the CSDs is carried out and reviewed very carefully, to ensure that the integrity of these processes and calculations is maintained.

6.3 Comments and Views of the Modification Group on the Initial Consultation

The Group discussed the responses to the initial Assessment Consultation. In particular they noted the concerns raised by two respondents regarding the complexity of the changes and the amount of time provided for respondents to consider the issues. The Group agreed that a further consultation should be issued allowing respondents more time to consider the issues, and also giving visibility to the proposed changes to the Code, BSCP504 and PSL120.

The Group's conclusions in relation to each of the areas included in the initial consultation can be found in section 1.4.

6.4 Second Assessment Consultation Summary

The second Assessment Consultation was issued on 23 December 2004 with responses due on 13 January 2005. 8 responses were received to the consultation (Annex 5) representing 46 Parties and 3 non-parties.

Consultation question	Respondent agrees	Respondent disagrees	No opinion expressed
	No. of respondents (no. of Parties and non-parties)		
1: Do you believe Proposed Modification P176 would better facilitate the achievement of the Applicable BSC Objectives?	7 (41 + 3)	1 (5)	0
2: Do you agree with the Modification Group's conclusions set out in the consultation document?	7 (41 + 3)	1 (5)	0
3: Do you believe that the legal text accurately captures the requirements of the Modification Proposal?	6 (30 + 3)	1 (1)[6]	1 (15)
4: Do you believe that the plain English legal drafting and suggested supporting changes to PSL120 and BSCP504 accurately captures the requirements of the Modification Proposal?	6 (31 + 2)	1 (0 + 1)	1 (15)
5: Do you believe that the plain English legal drafting and suggested supporting changes to PSL120 and BSCP504 will provide adequate controls for the deeming of Meter reads?	7 (31 + 3)	0	1 (15)
7: Do you agree with the Modification Group's opinion on where the calculations, circumstances and criteria are contained as illustrated by the Code and CSD changes attached?	8 (46 + 3)	0	0

[6] This respondent subsequently stated that it was happy with the draft legal text. It's concern related to the changes to the CSDs which were addressed by the Group.

6.5 Modification Group's Summary of the Second Consultation

6.5.1 Achievement of the Applicable BSC Objectives

The majority of respondents felt that P176 would better facilitate the achievement of the Applicable BSC Objectives for the reasons given in the consultation document. The following specific points were made.

One respondent felt that P176 would not better facilitate the achievement of the Applicable BSC Objectives with regards to the change of Supplier read, as a Supplier based estimate agreed by the two Suppliers is likely to be more accurate than an EAC-derived deemed reading. This estimate would establish a better boundary point for the purposes of Customer billing (by both Suppliers), energy Settlement and DUoS charging. This respondent further stated that in circumstances where there is a coincident change of Agent, there are additional advantages of using a Supplier estimate since the process is not dependent on the passing of history between Agents, a process acknowledged to be problematic from a Settlement point of view.

The respondent further stated that it would support an Alternative Modification to exclude (or leave as status quo) change of Supplier events from P176 in order to achieve the tidy up and alignment that would meet the Settlement objectives, which is what it believes to have been the intended purpose of P176. P183 could then address the issue of change of Supplier reads.

6.5.2 Modification Group's Conclusions

The majority of consultation respondents stated that they agreed with the Modification Group's conclusions set out in the consultation document, although a number of these respondents qualified that support. The following specific comments were made:

- One respondent suggested that where data has not been available and needs to be obtained prior to deeming, a hierarchy should be set detailing the order of the Parties or Party Agents to whom requests for data should be made.

- A number of respondents emphasised the need to ensure that the process suggested for deeming on change of Supplier was consistent with the process suggested by the CTP backstop process.

- One respondent was concerned with the overlap and potential inconsistency between P176 and the CTP proposals (including P183) around change of Supplier processing.

- One respondent was concerned that, in the case of a change of Supplier, the old Supplier is dependent on the new Supplier for the final reading on which to fix Settlement liabilities and the closing bill to the Customer. They further stated however that given the additional provisions proposed under P176, and by the CTP, the impact of this problem should be reduced.

- One respondent suggested that further clarity should be sought regarding the process, requirements and timeline for the proposals for the change of Supplier deeming circumstance and that emphasis be placed upon ensuring that adequate Supplier Hub management is utilised to address the issues.

- Two respondents stated that they were unhappy that P176 did not allow for deeming of Meter readings for long term vacant sites, but noted that the issue surrounding the treatment of these sites would be raised as a separate issue at the SVG.

- One respondent was concerned with the process for deeming on change of LDSO if there was a concurrent change of Agent, as the NHHDC would need to match the different Metering System Identifiers (MSIDs) by Meter serial number.

6.5.3 Draft Legal Text

The majority of consultation respondents agreed that the draft legal text accurately captures the requirements of the Modification Proposal.

One respondent stated that it did not agree with the draft legal text. This respondent subsequently stated that it was happy with the draft legal text, since it's concern related to the changes to the CSDs. These concerns were addressed by the Group.

6.5.4 Changes to PSL120 and BSCP504

The majority of consultation respondents agreed that the plain English legal drafting and suggested supporting changes to PSL120 and BSCP504 accurately captures the requirements of the Modification Proposal. A number of respondents caveated their responses by stating that they had not sought legal views on this text and that they had placed a reliance on ELEXON to ensure that the drafting is correct.

One respondent noted that the wording of the CSD changes is to be consulted on at a later stage. They stated that it therefore is important, particularly where key provisions are being moved from Annex S-2 to the CSDs, that this is not allowed to be used as an opportunity to change the intent of the Modification.

One respondent stated that the process for change of LDSO did not reflect what has been discussed at the P62 Migration Issues Working Group. They stated that there should be an assumption that in order for a change of LDSO to work, the Agents must remain the same. Another respondent also raised concerns regarding the change of LDSO process.

A number of minor changes to the text were suggested. These have been included in Annex 3, together with the response from the Modification Group.

6.5.5 Controls for the Deeming of Meter readings

All of those consultation respondents who expressed an opinion agreed that the plain English legal drafting and suggested supporting changes to PSL120 and BSCP504 provide adequate controls for the deeming of Meter readings. One respondent also stated that the drafting of the changes to the CSDs should further help to clarify when it is and when it is not appropriate to deem readings.

6.5.6 Timescales

The majority of respondents agreed that the timescales appear to be reasonable and consistent with other processes, including new processes proposed by the CTP. However, two respondents suggested changes to the timescales detailed in the CSD changes as follows:

- One respondent believed that 10WDs would be a more acceptable timescale for the completion of the steps detailed in the consultation document.

- Another respondent commented that it may be more useful to wait 14 days rather than 7 days prior to calculating a read. It was felt that this would reduce the number of instances where a calculated read is used which artificially increases the percentage of energy settled on actuals. This would make the process of calculating a read a remedy of last resort rather than a matter of course.

6.5.7 Code Versus CSD

All respondents to the consultation agreed with the Modification Group's opinion on where the calculations, circumstances and criteria should be contained, as illustrated by the Code and CSD changes attached to the consultation document itself.

6.5.8 Further Comments

One respondent noted that in its response to the first consultation, it had commented that insufficient time had been allowed for analysis of the issues raised by the modification, and that in many instances an in depth study was needed to respond in a consistent and meaningful manner. This respondent welcomed the opportunity provided by the second consultation and noted that it's responses to the second consultation should be regarded as it's current and more developed thinking on the implications of P176.

One respondent commented that it felt that the vacant premises option should not be removed from the modification but understood that it be further discussed by SVG.

One respondent suggested that that all change of Supplier elements should be considered together in order to provide a consistent, complete set of changes for this key process area. It was concerned that there may be a dichotomy between P176 and P183.

Another respondent did not believe that P176 should conflict with P183, although they did suggest that the Panel would need to be careful to avoid possible interactions through the decision process. They stated that an alternative approach would be to include any 'overlaps' (which are likely in reality to be in the BSCPs rather than the Code itself) in an Alternative Modification.

Finally, one respondent raised a minor concern that the second consultation contained a significant amount of information and therefore some areas may not have been covered in as much detail as others.

6.6 Comments and Views of the Modification Group on the Second Consultation

The Group analysed the responses to the second consultation. In particular they noted that the majority of consultation respondents believed that Proposed Modification P176 would better facilitate the achievement of the Applicable BSC Objectives.

The Group discussed the response from one Party which stated that a Supplier based estimate would be a better as a basis for a change of Supplier read than an EAC based deemed read. The Group noted that the ability to use a Supplier based estimate for a change of Supplier read is being considered under Modification Proposal P183.

The Group concluded that P176 should stand alone and seek only to outline the process for deeming in relation to change of Supplier. Modification Proposal P183 should deal with the possible addition of a new reading type. The Group further noted that P176 was not contingent on P183 being approved, and vice versa.

In addition, the Group felt that the process suggested for deeming on change of Supplier under P176 had been made consistent, as far as possible, with the process suggested by the CTP Backstop Process.

The Group also discussed the view of two respondents who believed that the ability to deem for long term vacant sites should have been maintained as part of this P176. The Group restated that long term vacant sites should not be included for the reasons outlined in section 1.4, and that ELEXON are due to present a paper to the SVG regarding this issue.

The Group also discussed the concerns from two respondents regarding deeming on change of LDSO where different Agents are used. The Group stated that the overall process for the change of LDSO is being dealt with under CP1026 "Issues associated with the registration of Metering Systems on existing "New Distribution Networks" and transfer to P62 compliant arrangements" and discussed at the Migration Issues Working Group. The Group concluded that P176 should only put in place the principles for allowing deeming where this process has been properly followed.

The Group also considered a response to the consultation which suggested that there could not be a concurrent change of LDSO and change of Agent. Although the Group noted that the Migration Issues Working Group were basing the change of LDSO process on the assumption that the Agents would remain in place, they felt that the process for deeming set down by P176 should not preclude a concurrent change of Agent so as to accommodate future changes. They also believed that precluding a concurrent change of Agent may be anti-competitive.

The Group discussed the comment suggesting the need for a hierarchy of reads when requests for historical data are made to numerous parties. This would allow the NHHDC to decide which read to use if data is provided by more than one source. The Group felt that requests for data from alternative sources should only occur in exceptional circumstances and therefore the likelihood of multiple reads, necessitating a hierarchy, was unlikely. Therefore the Group concluded that the first read received by the NHHDC should be used as a simpler solution.

The Group noted that all respondents to the consultation document agreed with the Modification Group's opinion on where the calculations, circumstances and criteria should be contained. A number of comments were made with regards to the proposed changes to BSCP504 and PSL120, including the suggested timescales. The amended changes are included in Annex 3 together with the individual comments made by consultation respondents and the Group's response.

Finally the Group noted one respondent's concern regarding the timescales. The Group agreed that sufficient time had been given to assessing all of the changes suggested by P176.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

A copy of the Transmission Company Analysis is attached as Annex 7. The following sections provide a summary of the analysis and the Group's views on that analysis.

The Transmission Company stated that they supported the views expressed by Modification Group members and respondents to the consultation that P176 better facilitates achievement of Applicable BSC Objective c) by effectively addressing many of the issues associated with data quality and change of Supplier readings, and also Applicable BSC Objective d) in providing additional clarification to the processes feeding into the calculation of consumption values and in its aim at minimising uncertainties and delays in this process.

The Transmission Company also confirmed that P176 would not have any impact on their ability to discharge their obligations under the Transmission Licence. No impact was identified on the computer systems or processes operated by the Transmission Company and they would not incur any direct costs as a result of the implementation of the P176.

Finally the Transmission Company noted that there were no issues relating to Security of Supply or the Core Industry Documents / System Operator Transmission Owner Code.

7.2 Comments and views of the Modification Group

The Group noted the analysis provided by the Transmission Company and stated that they had no further comment to make.

8 IMPLEMENTATION APPROACH

In order to minimise implementation costs, the Group agreed that P176 should be implemented as part of a scheduled release. At the Group meeting on 18 January 2005 the Group discussed the impact assessments provided by BSCCo, Parties and Party Agents and it was noted that the one Party's Impact Assessment response gave a six month lead time. As the longest lead time, this was used to derive a suggested Implementation Date of February 2006.

Group members were concerned that this was a long lead time and therefore ELEXON took an action to contact the respondent and check that they actually required six months. The Group further noted that a November 2005 implementation was preferred if possible. Subsequently ELEXON have contacted the Party in question who have now confirmed that they do not need six months to implement the changes.

Therefore the first Implementation Date suggested for P176 is 03 November 2005 if a decision is received by 1 June 2005, and 2 March 2006 if a decision is received after 1 June 2005 but on or before 1 September 2005.

The Group further stated that P176 should be implemented on a Calendar Day basis. Therefore deeming will be allowable, in the circumstances described in BSCP504, on or after the Implementation Date. For the avoidance of doubt, it will then be possible to for Parties to calculate deemed Meter readings for Settlement Days prior to the Implementation Date.

The Group noted that the Business Requirement Solution will be developed at the Implementation stage. This will be based on the suggested changes to BSCP504 and PSL120, agreed by the Group and attached as Annex 2.

As noted when P176 was initially raised, Parties are currently deeming in circumstances not supported by the Code. It is envisaged that this practise will continue to be flagged as an Audit issue until the P176 Implementation Date.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1		Change Delivery	Change Delivery	Peer Review
0.2	21/01/05	Change Delivery	Change Delivery	Peer Review
0.3	24/01/05	Change Delivery	Change Delivery	Peer Review
0.4	26/01/05	Change Delivery	VASMG	Modification Group Review

9.2 References

Ref	Document	Owner	Issue date	Version	Hyperlink
1	Modification Proposal P176	-	4/10/04	-	http://www.elexon.co.uk/documents/modifications/176/P176.pdf

2	Modification Proposal P176 IWA	BSCCo	8/10/04	1.0	http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2004_-_084_-_Papers/84_011a.pdf
3	P176 First Assessment Consultation	VASMG	23/11/04	1.0	http://www.elexon.co.uk/documents/Consultations/P176_Assessment_Consultation/P176_consultation_document.pdf
4	P176 Second Assessment Consultation	VASMG	23/12/04	1.0	http://www.elexon.co.uk/documents/Consultations/P176_Second_Assessment_Consultation/P176_2nd_Consultation_1.0.pdf

ANNEX 1 DRAFT LEGAL TEXT

Draft legal text is provided as a separate attachment to the Assessment Report .

ANNEX 2 CHANGES TO BSCP504 AND PSL120

The proposed changes to BSCP504 and PSL120 were issued for consultation during the Assessment Procedure. The detailed changes and responses to consultation respondent concerns are detailed provided as separate attachments to the Assessment Report.

ANNEX 3 COMMENTS ON LEGAL TEXT AND PROPOSED CHANGES TO CODE SUBSIDIARY DOCUMENTS (CSD) AND MODIFICATION GROUP'S RESPONSE.

This document collates the specific comments received on the Code and CSDs changes for P176 as part of the second consultation for P176, second Impact Assessment of P176 and comments provided independently and gives the Modification Group's response to those comments. The detailed changes and responses to consultation respondent concerns are provided as separate attachments to the Assessment Report.

ANNEX 4 MODIFICATION GROUP DETAILS

The Group met four times to discuss P176: on 21 October 2004, 10 November 2004, 8 December 2004 and 18 January 2005. The following table identifies the Modification Group members and the other attendees for these meetings.

Member	Organisation	21/10/04	10/11/04	08/12/04	18/1/05
Sarah Parsons	ELEXON (Chairman)	✔	✔	✔	✔
Ben Jones	ELEXON (Lead Analyst)	✔	✔	✔	✔
Richard Harrison	(Proposer)	✔	✔	✔	✔
Claire Walsh	Centrica	✔	✔	✔	✔
Afroze Miah	Powergen	✘	✔	✔	✘
Robert Brown	Cornwall Consulting Limited	✔	✔	✘	✘

Katherine Bergin	SSE	✔	x	x	X
Tim Roberts	Scottish Power	x	x	✔	✔
Attendee	**Organisation**				
Ian Antony	Ofgem	x	✔	✔	✔
Easton Brown	Customer Transfer Programme	✔	x	✔	✔
Jason Brogden	Customer Transfer Programme	x	✔	x	x
Sandy Crump	Powergen	✔	x	x	✔
Richard Hartley	NPower	✔	✔	x	✔
Katie Ann-Key	ELEXON	x	✔	✔	✔
Sandra Wybrow	ELEXON (Lawyer)	✔	x	x	x
Lisa Deverick	ELEXON (Lawyer)	x	x	✔	✔
Jon Spence	ELEXON	✔	✔	✔	✔

The Group's specific P176 Terms of Reference were as follows:

The Modification Group shall consider and/or include in the Assessment Report as appropriate:

- What the circumstances for deeming should be, how they should be drafted and where they should be contained. For example within the Code or within a CSD;
- What the processes for deeming should be, how they should be drafted and where they should be contained. For example within the Code or within a CSD;
- The potential system impacts of this modification, particularly with reference to the EAC/AA Calculator;
- The Audit trail requirements where deemed reads are created;
- The procedural impact on Parties;
- The requirement for a Code definition of the term deemed Meter reading;
- The impact on incentives on Suppliers to obtain actual Meter readings when AAs can be deemed;
- The potential interaction with BETTA Implementation.

ANNEX 5 CONSULTATION RESPONSES

The responses to the Assessment Consultations are contained as separate attachments to this document.

ANNEX 6 GROSS VOLUME CORRECTION (GVC)

This section was contains a high level overview of the GVC process for information.

It should be noted that GVC can only be carried out for Settlement Days subject to a Post Final (DF) Run when it is to correct an error for which a Trading Dispute was specifically raised.

It is intended that the legal text and proposed changes to CSDs for P176 will be limited to describing the process for undertaking GVC in Settlement Days prior to RF.

Once a Settlement Date has been subject to its last Reconciliation Run, changing its consumption will not have any effect in Settlement. If an error in consumption exists on the Settlement Date, a process known as GVC can be used. GVC allows a number of Meter readings to be deemed which compensate for errors in Settlement Days which have been subject to RF and are not subject to a DF run (crystallised errors) in Settlement Days which are yet to be subject to RF or are subject to a dispute (a fluid period). This process results in the correct total volume of energy being allocated to the Supplier, however, this energy will be allocated to the incorrect Settlement Periods.

Objectives

The objectives of GVC are to:

1. limit the invalid EAC/AA to Settlement Dates that have already been subject to their last reconciliation;
2. ensure that the gross energy volume is realistic;
3. ensure that values used in the last reconciliation of any Settlement Date remain unchanged;
4. ensure the last reading and forward looking EAC are realistic.

Method

GVC utilises two fundamental techniques, which for the purpose of this explanation are termed "Realistic Reading Creation" and "Error Freezing". The basis of these techniques is explained below.

Realistic Reading Creation.

The gross volume between two correctly processed realistic readings will always be realistic. Diagram 1 below illustrates this. In addition, deeming a reading using a realistic reading and a realistic EAC/AA will result in a realistic reading. GVC achieves objectives 2 and 4 (ensuring that the gross energy volume over the entire period is realistic and that the last reading is realistic) by deeming realistic readings in this way. Ensuring the gross energy volume over the entire period is correct, where the volume for part of the period is based on an invalid Meter reading, naturally creates a compensatory AA (an AA which compensates for error that has been introduced by an invalid reading). Please note that the technique of realistic reading creation is only required where valid actual readings do not exist for the period in question.

Diagram 1

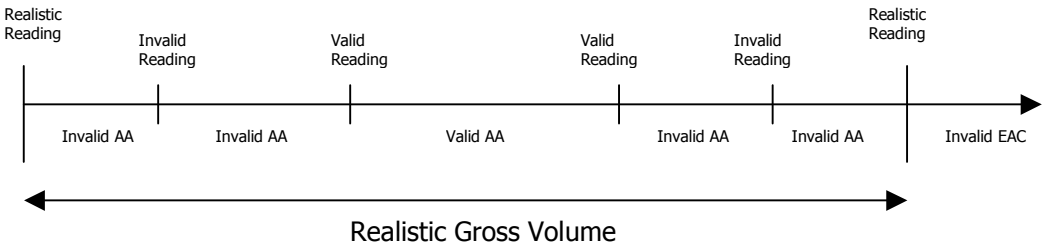
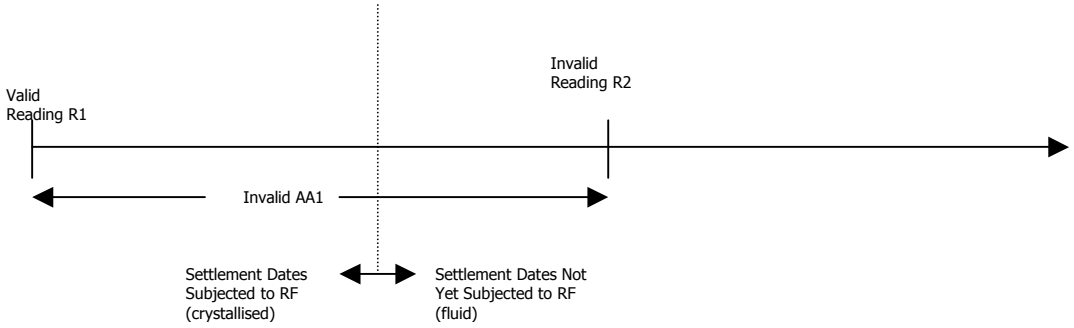


Diagram 1 shows how a realistic gross volume can be ascertained by using two realistic readings for the earliest and latest dates in the period over which invalid AA values have been identified.

Error Freezing.

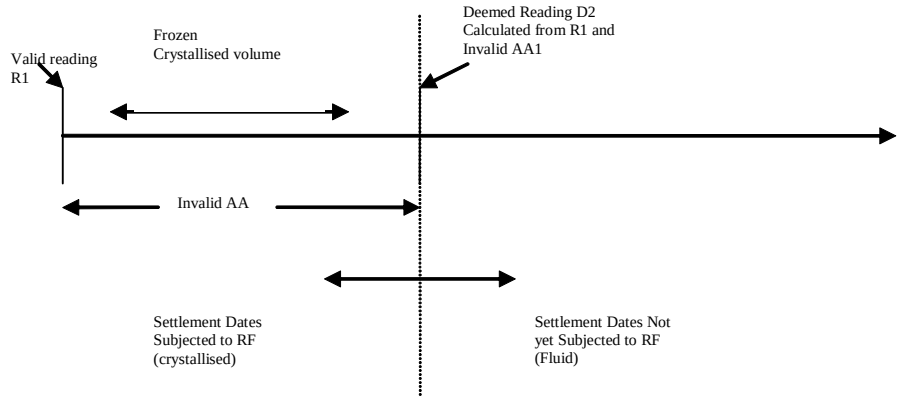
An AA calculated using a deemed reading will always have the same value as the EAC/AA used to calculate the deemed reading. This means that an AA with a long duration can be used to generate an AA that has the same value but a shorter duration. The diagrams below illustrate this. GVC achieves objectives 1 and 3 (limiting invalid EAC/AAs to Settlement Dates that have already been subject to their last reconciliation without changing the value used in the last reconciliation) by deeming readings using the invalid EAC/AA in this way.

Diagram 2



The above illustration (diagram 2) shows an invalid AA that spans some Settlement Dates for which a RF run has taken place (the "crystallised period") some dates for which a RF run has not yet taken place (the "fluid period"). Withdrawing invalid reading R2 and replacing invalid AA1 would result in a change to values used in the last reconciliation run for dates in the "crystallised period".

Diagram 3



The above illustration (diagram 3) shows a deemed read on the RF date (deemed read 2). This deemed read freezes the error which was already crystallised in diagram 2. Compensatory action can now be taken in the fluid period without affecting the crystallised error.

The five steps of GVC

In order to undertake GVC it is first necessary to have a realistic reading prior to the one that caused the invalid AA/EAC and a known realistic annual consumption.

Step 1

The NHHDC should decide the most appropriate Settlement Dates for the compensatory AA(s) to be applied to. Compensatory AA(s) must only cover fluid Settlement Dates.

When making this decision the objective is to spread the compensation across a sensible number of Settlement Dates. This will depend on the size and duration of the error. As a guideline, compensation across less than 60 Settlement Dates should be avoided where possible. NHHDCs should adopt a consistent approach for all Suppliers such that the process is equitable.

If the compensatory period is too short i.e. a large amount of error accounted for in a short period, there could be significant impact of the volume of energy entering Settlement. This will impact other Suppliers via the GSP Group Correction Factor.

Step 2

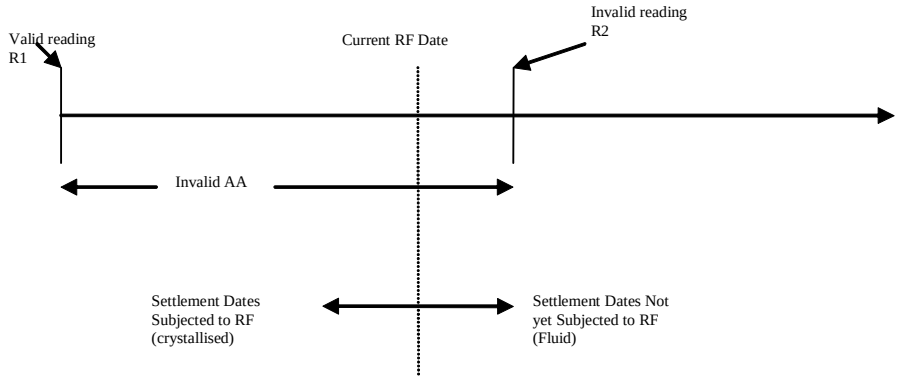
Realistic readings should be generated which will result in compensatory AA(s) being introduced in the chosen set of fluid Settlement Days. When doing this it should be noted that all the error between a realistic reading and the realistic reading previous to it will be compensated for in the fluid Settlement Days between the two realistic readings. Therefore, a realistic reading a sensible number of Settlement Days after the last set of crystallised Settlement Days is required. Invalid readings should also be withdrawn at this point. Valid readings should be used (as the realistic readings) where possible so long as it doesn't force all of the compensation into a small number of Settlement Days.

Step 3

The NNHDC should generate error freezing readings so that EAC/AA values for crystallised Settlement Dates remain unchanged. This will naturally create a compensatory AA(s) in fluid Settlement Dates. Such deemed readings are required where invalid EAC/AA values overlap with crystallised/fluid Settlement Day boundaries. When doing this it should be noted that an AA calculated using a deemed reading will always have the same value as the EAC/AA used to calculate the deemed reading. Consequently, deeming a reading that will be used to produce an invalid AA should be done using the invalid AA and deeming a reading that will be used to produce a realistic AA should be done using realistic consumption.

Diagram 4

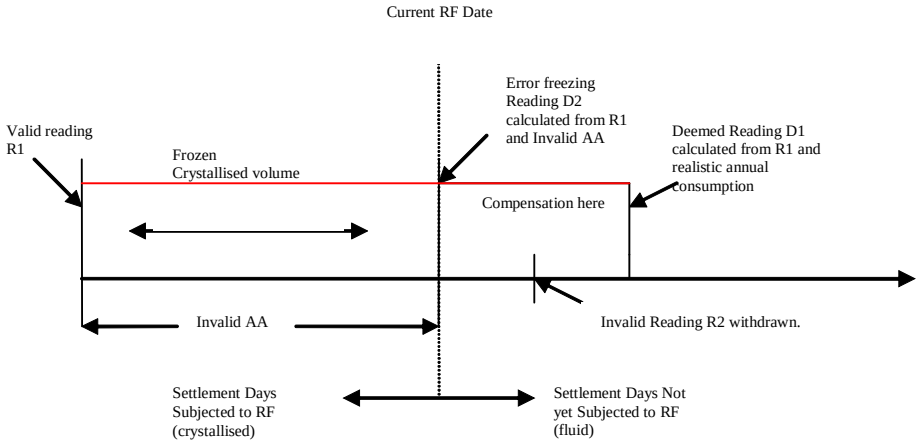
Example Situation before GVC



In the above example there is an erroneous AA which has partially crystallised. The principles of GVC allow corrections to be made in the fluid period (see diagram 5).

Diagram 5

Applying GVC



The above illustration (Diagram 5) demonstrates how to apply GVC to the error created through an invalid AA which has partially crystallised. Firstly deemed reading 1 is calculated to create a valid AA which, when processed, will compensate for the crystallised error within the fluid period. In order to freeze the error which has already crystallised, deemed reading 2 is generated and the invalid reading which caused the invalid AA would be withdrawn. It is important to note that the compensatory reading should be generated a sensible number of days (normally 60 at the minimum) after the last set of crystallised Settlement Days.

Step 4

The NHHDC should ensure that all of the deemed readings are then processed. Once the invalid EAC/AAs for a Meter have been dealt with in accordance with the previous steps, the resultant readings should be processed to produce the required AAs.

Step 5

The NHHDC should ensure the forward looking EAC is realistic. The forward looking EAC may not be realistic if the last reading or the reading before it is not realistic. When this is the case, the forward looking EAC should be set to reflect realistic annual consumption. So that future data entering Settlements will be accurate.

The forward looking EAC can be determined in two ways. The NHHDC can either use a previous valid/good EAC or alternatively is able to use the GSP Group Profile Class Average EAC.

GVC and the Treatment of Change of Supplier Readings

The only difference when the invalid reading is the change of Supplier reading is that the change of Supplier reading must be replaced with a realistic reading in Step 2. This is so that any error prior to the change of Supplier is compensated for prior to the change of Supplier and, likewise, any error after the change of Supplier is compensated for after the change of Supplier. In this way, both Suppliers pay for the correct volume of energy.

Establishing the Current RF Settlement Date

Corrective action takes a finite time to be reflected in Settlements. It needs to be completed by the NHHDC, sent to the Non-Half Hourly Data Aggregator (NHHDA), processed by the NHHDA, sent to the Supplier Volume Allocation Agent (SVAA) and processed by the SVAA. This needs to be taken into consideration when establishing what date to use as the current RF Settlement Date.

In order to accommodate operational delays in between corrective action at NHHDC and Settlements taking place the current RF Settlement Day (for GVC purposes) should be derived from the Settlement calendar as the (earliest) Settlement Date subject to a RF NHHDA aggregation run in 5 Working Days time.

Ensuring that EAC/AAs are not Created for Crystallised Settlement Dates

Section 1.5.7.9 of PSL120 for Non Half Hourly Data Collection requires the NHHDC to deem a reading just inside the RF window using the EAC in the situation where a reading has been obtained and the previous reading is more than 14 months old. This should ensure that EAC/AAs with Meter Advance periods that include crystallised Settlement Days are not created.

If an erroneous AA that covers crystallised Settlement Days is created, it would not have been used in the RF run and therefore will not have been accounted for in Settlement. However if GVC is then used it will create a compensatory AA that would be incorrectly compensate in fluid Settlement Days for an error that did not actually exist.

Consequently, it is important to ensure that the controls to prevent EAC/AAs being created for crystallised Settlement Days are effective.

ANNEX 7 TRANSMISSION COMPANY ANALYSIS

Q	Question	Response
1	Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	We do not believe that the implementation of this proposed Modification would have any impact on our ability to discharge our obligations under the Transmission Licence.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.	We support the views expressed by Mod Group members and respondents to the consultation that the proposal meets BSC Applicable Objective c) by addressing effectively many of the issues associated with data quality and Change of Supplier readings. The proposal also meets Applicable Objective d) in providing additional clarification to the processes feeding into the calculation of consumption values and in its aim at minimising uncertainties and delays in this process.
3	Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification	No impact has been identified on the computer systems or processes of the Transmission Company.
4	Please outline any potential issues relating to the security of supply arising from the Proposed Modification (and, if applicable, any Alternative Modification).	No issues have been identified.
5	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any Alternative Modification).	No direct costs have been identified that the Transmission Company would incur as a result of the implementation of the Proposed Modification.
6	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	No consequential changes have been identified.
7	Any other comments on the Proposed Modification (and Alternative Modification if applicable).	None.

ANNEX 8 PARTY AND PARTY AGENT IMPACT ASSESSMENTS

Carried out by	Comments
E.ON UK plc **Powergen Retail Ltd** **Citigen (London) Ltd** **Cottam Development Centre Ltd** **Enizade Ltd** **E.ON UK Drakelow Ltd** **E.ON UK High Marnham Ltd** **E.ON UK Ironbridge Ltd** **Midlands Gas Ltd** **Ownlabel Energy Ltd** **Severn Trent Energy Ltd** **TXU Europe (AHG) Ltd** **TXU Europe (AHGD) Ltd** **TXU Europe (AH Online) Ltd** **Western Gas Ltd** Edward Coleman	What impact, if any, would the Proposed Modification have on your organisation? **This proposal would have a significant impact upon our organization manifestly requiring of us to change systems, processes and the requirements upon our agents.** What implementation timescale would you require to make the changes associated with the Proposed Modification?; and **In order to make these changes we would agree to an implementation date of February 2006** If this Modification is not applicable to your organisation, please indicate why (e.g. proposed changes do not apply to Party Agents)'. **N/A**
Scottish Power UK plc **ScottishPower Energy Management Ltd.** **ScottishPower Generation Ltd.** **ScottishPower Energy Retail Ltd.** **SP Manweb plc.** **SP Transmission Ltd.** Marisa Arjonilla	What impact, if any, would the Proposed Modification have on your organisation? **P176 would have significant impact on ScottishPower's systems and processes.** What implementation timescale would you require to make the changes associated with the Proposed Modification? **ScottishPower would require a minimum of six months to implement these proposals.** If this Modification is not applicable to your organisation, please indicate why (e.g. proposed changes do not apply to Party Agents)'. **Not applicable.** Any other comments: **None**

EDF Energy Dave Morton	What impact, if any, would the Proposed Modification have on your organisation? **System and Process changes will be required regarding new mandatory and optional deeming processes.** What implementation timescale would you require to make the changes associated with the Proposed Modification? **90 days, however, we are still assessing full impacts of this change and it is possible that this could increase. We will update our response to this circular when we have further details**
IMServ Europe Jenny White	What impact, if any, would the Proposed Modification have on your organisation? **There would be no major impact on the business unless the D0170 part was made mandatory. If there was a change to this flow then we would be looking at code changes. We would prefer not to have this flow amended.** What implementation timescale would you require to make the changes associated with the Proposed Modification?; and **Standard 90 days** If this Modification is not applicable to your organisation, please indicate why (e.g. proposed changes do not apply to Party Agents)'. **N/A** Any other comments: **We have a comment regarding the timescales involved with respect to "Reconfiguration or Replacement of a Metering System". It states that, if, after 10 Wd of the meter change there are still no reads, then the DC should request these from the MOP and / or supplier. Only after waiting a further 7WD can the DC actually deem these readings.** **We think that this is too long a window. We agree with having to wait 10WD but, at 10WD, we should be allowed to deem. If the MOP had the reads then they would have sent them by 10WD already. So, asking them to send the read, only to then be told that they do not have a read is only delaying the inevitable. If there has to be a second window then this should only be a maximum of 2 WD.** **How does BSCP504 expect the DC to communicate missing reads to the MOP or supplier, by bilateral agreements of e-mails, or by dataflows e.g. D0170 (or by any means they can)? Will this need to be auditable? If so then it needs to be clear what evidence is required. In the proposals it lists both methods but adds "to be confirmed". One way is obviously cheaper than the other and obviously we need to be told which method to adopt.** **I would suggest that a D0170 is unnecessary in this situation and would be too costly a change to make, given that, as stated previously, if the MOP has these reads, then they do send them and this process is not likely to gain many extra "new" reads.**

ANNEX 9 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes. These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of estimated costs of implementing the Proposed/Alternative Modification given in section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.

- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.

- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the modification is expected to require and may not reflect the actual cost attributed to the modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

TOTAL DEMAND LED IMPLEMENTATION COSTS
This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This

tolerance will be rounded to the nearest 5%.

ELEXON IMPLEMENTATION RESOURCE COSTS
Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required. The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ONGOING SUPPORT AND MAINTENANCE COSTS	
ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems.