

Modification Proposal – F76/01

MP No: 176
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

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

Submission Date (mandatory by proposer): 4 October 2004

Description of Proposed Modification (mandatory by proposer):

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 to be defined in Code Subsidiary Documents providing for the estimation/deeming of meter readings and/or meter advances and the setting of Estimated Annual Consumption (EAC) and/or Annual Advance (AA) values in circumstances including the following:

- Change of Supplier meter reading missing or outside COS read window
- Revised reading following disputed COS reading
- Missing or invalid final or initial readings in the case of Change of Supplier and Measurement Class (NHH to HH or HH to NHH) either coincident with Change of Supplier or otherwise
- Missing or invalid final or initial readings in the case of change of meter or meter configuration (with or without change of SSC)
- Where required by NHHDCs as a work-around to enable Change of Profile Class to be processed.
- On rectification of a meter fault
- To facilitate the processing of Revenue Protection adjustments into Settlement
- Missing or invalid initial readings in the case of New Connection, Energisation or Re-Energisation where the date is known or can reasonably be determined or estimated from other information
- Missing or invalid final readings in the case of De-Energisation, meter removal, disconnection or removal of MPAN where the date is known or can reasonably be determined or estimated from other information
- Migration of MPAN from one SMRS to another on Change of LDSO
- Meter reading obtained after EAC used in final Volume Allocation Run
- Last valid meter reading > 15 months or 2 years old and Profile Coefficients to be archived by NHHDC
- Interval between meter readings exceeds EAC/AA calculator limit
- Meter reading or processing error affecting advance with an AA spanning Settlement Date for which RF or DF run has already been carried out
- Site identified as long-term vacant for which access is unobtainable, with meter readings missing or invalid or disconnection request rejected
- Demolished site where final meter readings missing or invalid and date of cessation known or can reasonably be determined or estimated from other information

The deeming or estimation process requirements are summarised in Appendix 1 (attached), together with an indication of the likely volume of such cases in the market and references to relevant existing provisions in the Code and Code Subsidiary Documents.

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The procedures should specify the periods over which any Gross Volume Corrections need to be applied and the rules for setting the new EACs for the post correction period (to avoid creating perverse incentives inhibiting the submission of 'accurate' data into Settlement). It is suggested that a reading should be deemed for a Settlement Date 6 months (or as close as practicable to this) prior to the current one, in order to ensure consistency with the forward-going EAC and spread the correction over the maximum period possible (uncrystallised).

It may be appropriate to include a clause clarifying the status of Gross Volume Corrections as an integral part of the Supplier Volume Allocation Rules – i.e. confirming that energy is deemed to have been consumed in the periods to which it is attributed by this process.

It may be possible to implement this Modification by means of some relatively minor additions/changes to wording, e.g. in paragraph 4.3.2 of Annex S2 and PSL 120 clause 1.5.7.9, to extend the scope of the 'Deeming' provisions to the wider range of cases proposed (in addition to the changes to the detailed procedural provisions).

It may be appropriate to include the detailed procedures for deeming/correction as an Appendix to BSCP 504 rather than in the Party Service Line.

Changes to the relevant Code Subsidiary Documents will have to be progressed in a timely manner and carefully coordinated so that they are implemented coincident with the implementation of the Modification.

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

Section 4.3 of Annex S-2 of the Code requires Meter Advance values to be calculated from meter readings, except in a number of specific circumstances, where Deemed Meter Advances are required to be calculated and used.

There are a number of other circumstances where it is necessary or has been the practice, in some cases following guidelines agreed by the TS2 committee under the Pool governance but apparently not supported by the Code (BSC Issue 8 refers), to estimate or deem meter readings and/or meter advances. This is required to correct the effects of previous errors, affecting Settlement Dates for which the Final Reconciliation Volume Allocation Run may already have been carried out, or provide reasonable estimates of consumption where data such as closing meter readings are missing.

Providing mechanisms under the Code to correct these errors/deficiencies will enable Settlements to reflect overall consumption attributable to different Suppliers more accurately (whether or not strictly in the 'correct' Settlement periods), and potentially reduce or avoid the need for Dispute Runs. Specifically, it will facilitate the correction of certain categories of problem which are contributing to 'Erroneous' large EACs/AAs and inaccurate Energisation Status, both of which are currently major factors in the qualification of the BSC Audit. The proposed changes will also help to provide new (post-correction) EACs which more accurately reflect the consumption on individual Metering Systems, providing a better basis for validating or estimating subsequent meter readings (including Change of Supplier meter readings), reducing the risk of actual meter readings being erroneously excluded from Settlement and generally improving the quality of Non Half Hourly consumption data, with benefits to customers. By formalising these procedures for dealing with anomalies, the BSC Audit issues associated with "Deeming in incorrect circumstances" etc will also be removed.

The provision of a (hopefully) comprehensive list of the circumstances in which deeming is required addresses the concerns raised by the BSC Auditor (and endorsed by the PAB) about the suggestion of basing the new provisions on more loosely defined categories of circumstances (Ref SVG/42/006).

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Specific issues which should be considered by the Modification Group include:

- 1) Whether it is better to include the list of circumstances in which deeming can be carried out in a Code Subsidiary Document or whether – given the work done here to provide a definitive list (and potentially improved on by the Modification Group) and the issue raised regarding the co-ordination of changes to what is such a critical area of the Code – it would be better to retain this within Annex S-2;
- 2) Whether Gross Volume Corrections should be carried out only within the pre-RF 'fluid' period rather than any earlier fluid periods for which DF runs are still to be carried out, except where the corrections concerned are specifically part of rectifying a Dispute by a DF run process – This would appear to simplify the process significantly and avoid any uncertainty about whether DF runs would actually be carried out. (Wider application of this could also reduce the need for DF runs.)
- 3) Whether the current deeming functionality in the EAC/AA system needs to be modified to deem zero AA for De-energised periods;
- 4) The wording of criteria for treating vacant sites as De-Energised (bearing in mind that the difficulty/costs of obtaining access probably vastly exceed the value of actual consumption, and the consequence for costs of serving the segments of the market most prone to this);
- 5) Audit trail requirements;
- 6) Communication of deemed readings and 'reason codes' to Suppliers (Requirements to prevent spurious billing etc);
- 7) The impact on NHHDC systems and processes, particularly with regard to the sequence of actions and application of effective dates when making corrections related to events in the crystallised period.

Impact on Code *(optional by proposer):*

Impact on Core Industry Documents *(optional by proposer):*

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

Impact on other Configurable Items *(optional by proposer):*

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Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by proposer):*

The Proposer considers that this Modification would better facilitate the following Applicable BSC Objectives:

(c) 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 – in particular, 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;

(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements – by providing defined mechanisms for the rectification of anomalies, preferably minimising the uncertainties, delays and costs created by the need for Dispute Final Runs or Extra-Settlement Determinations, and thereby facilitating their timely resolution.

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Attachments: YES

If Yes, Title and No. of Pages of Each Attachment:

Appendix 1 - NHH Consumption History Anomalies and Deeming or Estimation Requirements (6 pages)

Appendix 2 – Generic Processes for NHH Consumption History Correction (3 pages)