

## Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

## P320 'Reporting on Profile Classes 5-8 Metering Systems after the implementation of P272'

The implementation of P272 would require Profile Class 5-8 Metering Systems to be Half Hourly settled and would require changes to PARMS and Supplier Charges to report any non-compliance.

P320 proposes that the required changes to PARMS and Supplier Charges that were introduced by P272 should be removed. Instead, a Committee report should be introduced to monitor the implementation of P272.



The BSC Panel recommends **approval** of P320

This Modification is expected to impact:

- Suppliers
- ELEXON



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## About This Document

This is the P320 Final Modification Report, which ELEXON has submitted to the Authority on behalf of the BSC Panel. It includes a summary of the Workgroup's assessment, the Panel's full views and the responses to both the Workgroup's Assessment Consultation and the Panel's Report Phase Consultation. The Authority will consider this report and will decide whether to approve or reject P320.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the approved redlined changes to the BSC for P320.
- Attachment B contains the full responses received to the Workgroup's Assessment Procedure Consultation.
- Attachment C contains the full responses received to the Panel's Report Phase Consultation.

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**Final Modification Report**

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### Why Change?

Approved Modification [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) requires changes to the Performance Assurance Reporting and Monitoring System (PARMS) to capture and report any non-compliance after the implementation of P272.

The Proposer contends that the purpose of the non-compliance reporting will be better achieved by a regular Committee report to the Performance Assurance Board (PAB), rather than through PARMS. This view is supported by the [Issue 59 'Consideration of the PARMS and Supplier Charge changes introduced by P272 and P300'](#) Group.

### Solution

[P320 'Reporting on Profile Classes 5-8 Metering Systems after the implementation of P272'](#) will remove the PARMS reporting requirement introduced by P272. Instead, a monthly Committee report should be produced and submitted to the PAB by no later than 1 April 2017. The PAB may, separate to this Modification, require such report be submitted to it before 1 April 2017 as it deems appropriate. The report can also be shared with the BSC Panel or other Panel Committees as requested.

### Impacts & Costs

The central implementation cost includes a one-off system cost of approximately £17,100 and an ongoing cost of approximately £11,400 per year for the production of the monthly Committee report (for the duration of P272 implementation reporting, as determined by the PAB). This ongoing annual cost will be reduced if the reporting frequency is reduced in the future.

There will be no cost to industry participants to implement the proposed solution.

ELEXON and Suppliers will also achieve an estimated total cost saving of at least £250,000 from not making and subsequently maintaining the mandatory PARMS changes introduced by P272.

### Implementation

The Panel recommends an Implementation Date for P320 of 1 April 2017, if the Authority's decision is received on or before 1 October 2015.

### Recommendation

The Panel unanimously believes P320 better facilitates Applicable BSC Objective (d) and recommends that P320 is approved.



### P272 requirements on PARMS reporting

Approved Modification P272 will mandate all Metering Systems in Profile Class (PC) 5-8 with Advanced Meters to be Half Hourly (HH) settled from its implementation. On 24 June 2015, the Authority approved Modification [P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8'](#), and alongside this it extended the Implementation Date of P272 to 1 April 2017.

As part of the P272 solution, changes have been proposed to PARMS to monitor its implementation as follows:

- creation of a new PARMS Serial, with no associated Supplier Charge, to report on the number of PC5-8 Metering Systems that do not have an Advanced Meter installed; and
- an amendment to the existing PARMS Serial SP04 'Installation of Half Hourly Metering' to include those PC5-8 Metering Systems with Advanced Meters that are not HH settled and the application of its associated Supplier Charge to such non-compliance.

To implement the required changes to PARMS, ELEXON and Suppliers would need to carry out system changes accordingly. ELEXON estimates the total implementation cost will be at least £250,000 across the industry. The breakdown of this cost is described in Section 4. There would be an additional, albeit minimal, ongoing cost for each Supplier to maintain these PARMS changes and produce the extracts each month.

### What is the issue?

The Proposer contends that the implementation of P272 will introduce an enduring reporting mechanism under PARMS to report on non-compliances that will be temporary. This is because the total number of PC5-8 Metering Systems will decrease following the implementation of P272, with limited number of new PC5-8 Metering Systems being registered after this time due to Metering Systems that might switch from PC3-4 into PC5-8 and new connections. If a new PARMS Serial is introduced to capture such non-compliance, it will report on a very small number Metering Systems when the Non Half Hourly (NHH) to HH transition under P272 is completed. If this PARMS Serial needs to be removed in the future, a further Modification will need to be raised. The costs to the industry to implement these changes outweigh the benefits of such reporting.

P272 requires that Supplier Charges under PARMS Serial SP04 be levied on Suppliers who do not HH settle PC5-8 Metering Systems with Advanced Meters. The Proposer contends that it is possible that Suppliers may not comply, despite reasonable efforts being taken. For example there could be Metering Systems that are in a location where they cannot be remotely read due to legitimate communication limitations. In such circumstances, it is not appropriate to impose charges on Suppliers.

Furthermore, Supplier Charges may not be the most effective way to enforce the NHH to HH transition under P272. The Issue 59 Group flagged up that Parties may choose to deliberately incur and pay Supplier Charges as a commercial decision (i.e. if it is ultimately cheaper to pay the charges as a result of being non-compliant than to invest money to resolve these non-compliances or lose a customer).

### PARMS

PARMS is a database containing information about how Suppliers and their Supplier Hubs are performing. Suppliers, Supplier Agents, Supplier Meter Registration Agents and the Supplier Volume Allocation Agent can submit data into PARMS. ELEXON uses PARMS to monitor Supplier Performance under BSC obligations and manage Settlement Risks.

PARMS data is divided into Serials. A Serial is a defined area for measuring a Supplier or Supplier Agent's performance against key industry processes. Supplier Charges are incurred for underperformance against six PARMS Serials.

### PARMS Serial SP04

BSC Section L 'Metering' 2.1.1 requires that 100kW SVA Metering Systems shall be HH Metering Equipment. PARMS Serial SP04 captures the number of 100kW Metering Systems that do not have HH Metering Equipment installed for Suppliers. Supplier who fails to comply with Serial SP04 shall be liable, in relation to each relevant Metering System, to a current charge of £4.06 per day.

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## Proposed solution

P320 will remove the relevant paragraphs that require PARMS changes introduced by P272.

The Workgroup recommended<sup>1</sup> that a standalone Committee report should be created to report on P272 implementation and any non-compliance. This report should be presented to the PAB on a monthly basis or as the PAB deems appropriate. It should be noted that the Committee report is not a part of the P320 solution, but is instead a recommendation to the PAB as a replacement for the PARMS reporting that P320 would remove. The PAB can therefore elect to commence any such report at any time it wishes, irrespective of P320's progression.

## Committee report to the PAB

The Committee report should be produced for the PAB by no later than 1 April 2017 for the purpose of monitoring P272 implementation. The PAB may request that the report is produced for them at any time prior to 1 April 2017, as it deems appropriate.

The Workgroup believes that the information in the Committee report should be obtained from the Electricity Central Online Enquiry Service (ECOES) and contains at least the following information:

- Supplier ID
- Supplier Effective From Date
- Metering Point Administration Number (MPAN)
- Meter type
- Profile Class
- Measurement Class
- Installation date
- Standard Settlement Configuration (SSC)
- Line Loss Factor Class (LLFC)
- Energisation status

The Committee report will be used to inform the PAB of any non-compliance under P272. This will allow the PAB to discharge its Performance Assurance techniques in conjunction with the Committee report, including the Error and Failure Resolution (EFR) process, the BSC Audit and reporting of Business Unit Settlement Risk Ratings (BUSRR).

The PAB shall be the owner of the Committee report, who will be responsible to review the contents and the frequency of reporting. The PAB shall also determine whether and when the report should be reduced in frequency or potentially terminated, if it sees no value of such report after the NHH to HH transition under P272 is completed.

## Measurement Classes

The Measurement Class of a Metering System reflects how it is settled i.e. HH or NHH. From 5 November 2015, there will be seven Measurement Classes:

- A: NHH metered
- B: NHH Unmetered Supply (UMS)
- C: 100kW or above HH metered
- D: HH equivalent UMS
- E: HH current transformer (CT) Metering Systems that have site specific DUoS billing and are not 100kW Metering Systems
- F: domestic HH CT and whole current (WC) Metering Systems that have aggregated DUoS billing and are not 100kW Metering Systems
- G: non-domestic HH WC metered Metering Systems that have aggregated DUoS billing and are not 100kW Metering Systems

<sup>1</sup> The Modification solution would remove the PARMS requirements introduced by P272. The legal text of P320 does not mandate that the Committee report should be produced, although it was recommended by the Workgroup as a replacement of the PARMS reporting of P272.

## Legal text

The P320 proposed solution requires changes to BSC Section S Annex S-1 'Performance Levels and Supplier Charges'. The proposed solution will remove the relevant approved changes that will be introduced under P272. The draft legal text change can be found in Attachment A.

## Are there any alternative solutions?

The Workgroup considered an alternative solution suggested by a consultation respondent, where the D0082 'Supplier Purchase Matrix Report' data flow could be used to report the number of energised Metering Systems in PC5-8 that are not HH settled for PARMS Serial SP04, with a reduced SP04 charge. However, the Workgroup was not convinced that this approach was better than the proposed solution (see Section 6 for details) and did not progress this solution further.

The Workgroup therefore concluded that there are no potential alternative solutions to P320 that would be better than the proposed solution.

### Estimated implementation costs of P320

#### Central costs

After the Report Phase Consultation, ELEXON received a revised quote from Gemserv (who is the owner of the ECOES data), which includes an additional initial set up cost of £4,600 and a monthly data cost of £950 per month (instead of £550 per month as quoted previously).

Therefore the total central implementation costs for the production of monthly Committee report to the PAB consists of a one-off cost of approximately £17,100 and an ongoing annual cost of £11,400 (for the duration of the report, as determined by the PAB). However this ongoing annual cost will be reduced if less frequent reports are required.

#### Breakdown of the costs

ELEXON will incur a one-off cost of approximately £12,500 to create a database to store the data required to produce the Committee report for the PAB. ELEXON will also incur an initial set up cost of £4,600 in order to establish the communication between itself and the ECOES service provider.

ELEXON will be required to purchase monthly data from the ECOES service provider and produce the Committee report for the PAB. The cost of the ECOES data will be approximately £950 per month, which sums to £11,400 per annum. The cost will be reduced if the PAB determines to reduce the frequency of the report to quarterly in the future, when it sees less value of monthly reports. The costs for ELEXON to produce the reports for the PAB can be absorbed into 'business as usual' cost.

In the future, if the PAB determines that the migration under P272 is completed and that the Committee report no longer provides value, it can terminate this report. There will be no ongoing costs once the report is terminated.

#### Industry costs

There will be no cost to industry participants to implement the P320 proposed solution.

#### Cost-savings arising from P320

It should be noted that if the PARMS reporting under P272 was to continue, the costs to implement the required PARMS changes will be approximately £20,000 for BSC central systems and at least £5,000 for each Supplier to change their own systems. The total cost to implement the PARMS changes will be at least £250,000 across the industry. Therefore the P320 proposed solution will result in cost savings.

## P320 impacts

### Impact on BSC Parties and Party Agents

Party/Party Agent	Impact
Suppliers	Suppliers will not be required to make the system changes to PARMS introduced by P272.

### Impact on Transmission Company

None anticipated.

### Impact on BSCCo

Area of ELEXON	Impact
BSC Operations	<p>BSC Operations will be required to have a contract in place with the ECOES service provider to ensure a regular provision of data.</p> <p>BSC Operations will be required to produce the Committee report to the PAB for monitoring purposes.</p> <p>A new database will be created to store the data.</p>
PAF	There will be a potential increase in workload as a result of the PAB discharging its Performance Assurance techniques to enforce Suppliers to comply with the P272 requirements.

### Impact on BSC Systems and process

BSC System/Process	Impact
PARMS	The changes to PARMS introduced by P272 will no longer be required.

### Impact on Code

Code Section	Impact
Section S Annex S-1	The approved changes to the relevant paragraphs introduced by P272 will be removed. See Attachment A for detail.

### Impact on Code Subsidiary Documents

None anticipated.

### Cross Code Impact on Master Registration Agreement Service Company (MRASCo)

Area of MRASCo	Impact
MRA Executive Committee (MEC)	The MEC has granted a licence to ELEXON for it to use the ECOES data.



#### Cross Code Impact on Master Registration Agreement Service Company (MRASCo)

Area of MRASCo	Impact
C&C Group (ECOES service provider)	C&C Group will need to establish a data transfer mechanism to provide the ECOES data to ELEXON on a regular basis.

### Recommended Implementation Date

The Workgroup believes that the Implementation Date of P320 should align with the Implementation Date of P272, so that P320 will remove the relevant approved legal text changes that will be introduced by P272 on the same day. The Workgroup therefore recommends an Implementation Date for P320 of 1 April 2017<sup>2</sup> if the Authority's decision is received on or before 1 December 2016.

The Panel recommended an Implementation Date for P320 of **1 April 2017**, if the Authority's decision is received on or before 1 October 2015<sup>3</sup>.

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<sup>2</sup> The Workgroup initially put forward a proposed Implementation Date for P320 of 1 April 2016, in line with the original approved Implementation Date for P272. Since the final Workgroup meeting, the Authority approved a 12-month extension to the P272 Implementation Date. In line with the Workgroup's recommendation, the proposed Implementation Date for P320 is now 1 April 2017.

<sup>3</sup> The cut-off date has been amended to 1 October 2015 from 1 December 2016 as proposed in the previous Assessment Report. This is to reflect the suggestion from a consultation respondent that BSC Parties and ELEXON would benefit from an early decision on whether the PARMS change should be made.

### Is using a PARMS Serial efficient for P272 reporting?

The Workgroup believed that the number of PC5-8 Metering Systems following the implementation of P272 will decrease but not disappear. Since PARMS Serials report Parties' performance on an enduring basis, if changes to PARMS Serials are introduced to capture these, they may become unnecessary after the NHH to HH transition under P272 is completed. As a result, a further Modification will be required to remove these PARMS Serials if they were no longer needed. This will result in further costs for market participants to remove this PARMS Serial when it is no longer needed. This view of the Workgroup was supported by a vast majority of consultation respondents. One respondent also noted that they will still incur ongoing costs to support this PARMS Serial if it becomes unused but remains in the system.

The Workgroup also noted concerns raised by the Issue 59 Group that it is possible that a Supplier cannot comply despite reasonable efforts being taken. For example there could be Metering Systems that are in locations where they cannot be remotely read due to legitimate communication limitations. The associated Supplier Charges will impose charges on Suppliers for non-compliance regardless of the reasons of being non-compliant. The Ofgem representative clarified that, in line with the Standard Licence Condition (SLC), a Meter will not be an Advanced Meter if it does not have a workable communication to allow Suppliers to collect HH Meter readings, and therefore PARMS Serials should not apply to such Meters. The Workgroup agreed with this view, but still had a concern that in reality a Meter Operator will not always be able to accurately identify these Meters and therefore could mistakenly report them under PARMS Serials.

The Workgroup concluded that a Committee report that captures the same non-compliance information will be a better fit for the reporting purpose and result in cost savings. It would also allow for some qualitative information to be provided by Suppliers.

### Committee report

#### Effectiveness of the Committee report vs PARMS

The Workgroup agreed with the Issue 59 Group's view that imposing Supplier Charges under PARMS on Suppliers who do not HH settle PC5-8 Metering System may not be an effective driver for them to comply.

Suppliers may choose to deliberately incur and pay Supplier Charges as a commercial decision, should it be cheaper for them to pay the charges as a result of being non-compliant than invest money to resolve these non-compliances. It was also noted that Supplier Charges are capped for each Supplier to limit each Party's liability in any one reporting period, meaning that additional Supplier Charges will be voided for those Suppliers who have already reached their caps in a given period.

ELEXON presented to the Workgroup its analysis on additional Supplier Charges that Suppliers are likely to incur from P272 non-compliance, if the required PARMS Serial changes were made. The analysis showed that the majority of Suppliers either have already reached or are very close to their Supplier Charge caps, meaning that any additional Supplier Charges incurred would not be seen by the Suppliers. Therefore the financial incentive for Suppliers to comply with P272 via PARMS and Supplier Charges is very weak. This key findings of this analysis can be found in Appendix 1.

The Workgroup believed that other techniques within the Performance Assurance Framework (PAF) overseen by the PAB are more effective incentives for Suppliers to comply with P272 requirements. Suppliers who continue to be non-compliant may face the risks of being escalated to the BSC Panel and, in a worst case scenario, having their BSC Licence removed<sup>4</sup>. A Workgroup member with a Supplier background agreed that Parties may take reputational impacts more seriously than capped financial penalties.

ELEXON advised the Workgroup that the PAB should use the Committee report in conjunction with its Performance Assurance techniques. There are several options available to the PAB, including the EFR process, the BSC Audit and BUSRRs, which it can discharge to ensure that Suppliers comply with P272 requirements. A Workgroup member believed that the EFR process has resulted in marked improvement in the number and resolution of non-compliance issues in recent years.

### **Owner of the Committee report and data confidentiality concerns**

The Workgroup unanimously believed that the PAB should be the owner of this Committee report, as Supplier performance and compliance will fall into its remit. The PAB should also review the contents and the frequency of the report from time to time, in light of the value that the report provides at different stages of P272's implementation.

One member suggested that the Committee report will provide information on how the PC5-8 market transitions from NHH to HH and that the BSC Panel should also be able to see the report if it wishes to.

One consultation respondent requested that the Committee report should be made available to a wider audience. However the Workgroup disagreed with this view as the report may contain commercially sensitive data, although members did consider whether a public version of any report could be produced instead.

The Workgroup agreed the Committee report will only be presented to the PAB, and possibly to the Panel, in a confidential session. Panel and PAB Members would have signed a confidentiality agreement when they joined the Committees, therefore there should not be any concerns over data confidentiality of the report.

### **Contents of the Committee report and source of data**

The Workgroup believed the Committee report should focus on PC5-8 Metering Systems with Advanced Meters installed that are still being NHH settled. In order to provide sufficient information to monitor this, the Workgroup specified that the following data would need to be included in the Committee report:

- Supplier ID
- Supplier Effective From Date
- MPAN
- Meter type

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<sup>4</sup> When Suppliers incur non-compliances that result in Settlement Risks, they enter into the EFR process. Once a Supplier is in the EFR process, ELEXON will require it to submit resolution plans and will monitor the progression. A failure to resolve non-compliances will result in escalation to the PAB, where the Supplier will be required to agree an action to resolve the non-compliance. If the PAB believes that the non-compliance issue is persistent or material, it can further escalate the issue to the BSC Panel, who can initiate Removal of Qualification or the BSC Default process.

- Profile Class
- Measurement Class
- Installation date
- SSC
- LLFC
- Energisation status

ELEXON advised the Workgroup the required data can be obtained from ECOES for monthly, quarterly or ad-hoc frequencies. However, this will require ELEXON to establish a new database to receive and store the data.

ELEXON also receives quarterly extracts of Falcon<sup>5</sup> data from Distribution System Operators (DSOs). However, this data does not contain Meter type and Measurement Class information, and so would not provide sufficient information to determine whether Advanced Meters have been fitted.

One consultation respondent believed that another approach could be using the D0082 data flow to report the number of energised Metering Systems in PC5-8 that are not HH settled for PARMS Serial SP04, with a reduced SP04 charge. The Workgroup noted that D0082 flow does not distinguish Advanced Meters against 'dumb meters', and that applying a charge across all PC5-8 Metering Systems regardless of their Meter types did not seem appropriate. Furthermore, reducing charges for SP04 would cause additional complications to the solution. The respondent agreed with this view. The Workgroup therefore did not progress this option any further.

The Workgroup concluded that ECOES data should be used to create the Committee report for the PAB.

### **Accuracy of ECOES data**

Currently PARMS data is used as an indication of performance, and ECOES data would be used in the same way. Both are only as accurate as the reporting provided by Suppliers or their Supplier Agents.

The ECOES data is updated by DSOs, Suppliers and Meter Operators when there are changes to MPAN details. It is to the interests of DSOs, Suppliers and Meter Operators to keep the data up to date as ECOES is the central data source for MPAN administration.

Acting as the Technical Assurance Agent (TAA), C&C Group conducts audits on ECOES data when a DSO, Supplier or Meter Operator identifies an issue. The last issue highlighted that resulted in an audit was in 2010, which the Workgroup felt suggests a good level of data accuracy.

### **Monitoring should be in place upon P272 implementation if PARMS reporting requirement is removed**

It is the intention of P320 to replace the P272 PARMS changes with a Committee report to fulfil the purpose of reporting P272 non-compliance. It should be noted that the

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<sup>5</sup> DSOs provide this data to ELEXON quarterly to support Performance Assurance which is overseen by ELEXON.

Modification solution does not mandate the introduction of the Committee report. The Workgroup recommended that the Committee report will go live no later than the P272 Implementation Date. It will be possible for the Committee report to go live earlier than the P272 Implementation Date should the PAB determines that there are benefits to monitoring the NHH to HH transition before the implementation of P272.

## **Does the Committee report lead to improved cost efficiency?**

### **Cost of PARMS reporting**

There will be central costs of approximately £20,000 for ELEXON to implement the document and system changes to PARMS as required under P272. It is also estimated that on average it will cost each Supplier at least £5,000 to change their systems in response to the PARMS changes. Assuming that there are more than 40 Suppliers in the market, the total costs that will be incurred to the industry would be at least £250,000.

As the new PARMS Serial, if introduced, will report non-compliance on a temporary basis (as described in Section 2), Suppliers will incur further, although not significant, costs in order to remove this PARMS Serial from their systems when it is no longer needed. This view was supported by a number of consultation respondents. Furthermore, one respondent suggested that there will be further costs to support an unused PARMS Serial if it is not removed from the system.

### **Cost of Committee report using ECOES data**

ELEXON had originally received the following price quotes from the ECOES service provider to obtain the required data with different frequencies:

- £550 per monthly report
- £750 per quarterly report
- £850 per ad-hoc report

The Workgroup believed that the PAB should receive monthly reports during the bulk of P272's implementation. Therefore the cost of producing the Committee report using ECOES data was estimated to be £6,600 per annum. This cost may reduce if the PAB decides that less frequent reports are needed in the future.

The central cost for ELEXON to create a database will be approximately £12,500. The Workgroup agreed that this will not create any cost barriers to delivering the solution, noting that there will be other benefits in the future for ELEXON to centrally hold this data. Such benefits may include monitoring the transition of PC3-4 Metering Systems and validation of Suppliers' performance going forward.

The Workgroup concluded that a significant cost saving can be achieved by creating the Committee report instead of changing PARMS.

Since the Workgroup finished its considerations, ELEXON received a revised quote from the ECOES service provider. This quote included an initial cost of £4,600 to set up the data connection between ECOES service provider and ELEXON and an increased cost of £950 per month to receive the data (see Section 4). Nevertheless, this still represents a significant cost-saving compared to the original PARMS-based solution.

## Will any changes be needed to PARMS Serial SP04 after the implementation of P272?

PARMS Serial SP04 currently reports on any 100kW Metering Systems which are not being HH settled. After the implementation of P272, all Metering Systems with an Advanced Meter that would fall within PC5-8 should be HH settled.

The Workgroup believed that there is still a requirement to keep PARMS Serial SP04 after the implementation of P272 for two reasons:

- Metering Systems meeting the 100kW requirements for HH Settlement need to be registered to Measurement Class C, which has more stringent performance requirements than those registered on Measurement Classes E, F or G. Therefore SP04 could be expanded to capture any 100kW Metering Systems that have not switched from Measurement Class E, F or G to Measurement Class C following the implementation of P272.
- It is possible that existing PC3-4 Metering Systems will exceed the 100kW threshold in the future. SP04 will therefore capture these new 100kW Metering Systems which may not have an Advanced Meter installed.



## Workgroup's conclusion

The Workgroup unanimously agreed that P320 **does** better facilitate the Applicable BSC Objectives when compared to the current baseline and therefore should be **approved**.

## Workgroup's views against the Applicable BSC Objectives

The Workgroup, including the Proposer, unanimously agreed that the Proposed Modification does better facilitate Applicable BSC Objective (d), because it will remove unnecessary complexity and costs in relation to reporting on P272 non-compliance via PARMS.

Three out of the six Workgroup members, including the Proposer, believed that P320 does better facilitate Applicable BSC Objective (c), because it proposes that Suppliers should not be penalised for not being able to settle their PC5-8 Metering Systems Half Hourly despite reasonable efforts have been taken. The other three Workgroup members did not feel strongly about this view and believed that P320 is neutral against this objective.

The Workgroup, including the Proposer, unanimously agreed that the Proposed Modification is neutral against Applicable BSC Objectives (a), (b), (e) and (f).

The following table contains the Workgroup's views against each of the Applicable BSC Objectives:

Does P320 better facilitate the Applicable BSC Objectives?		
Obj	Proposer's Views	Other Workgroup Members' Views
(a)	• <b>Neutral</b>	• <b>Neutral</b> (unanimous)
(b)	• <b>Neutral</b>	• <b>Neutral</b> (unanimous)
(c)	• <b>Yes</b>  The Proposed Modification will not penalise Suppliers who cannot settle PC5-8 Metering Systems Half Hourly despite reasonable efforts have been taken.	• <b>Yes</b> (minority – 2 out of 5) For the same reason as the Proposer.  • <b>Neutral</b> (majority – 3 out of 5)
(d)	• <b>Yes</b>  The Proposed Modification will remove unnecessary complexity and costs in relation to reporting on P272 non-compliance via PARMS.	• <b>Yes</b> (unanimous) For the same reason as the Proposer.
(e)	• <b>Neutral</b>	• <b>Neutral</b> (unanimous)
(f)	• <b>Neutral</b>	• <b>Neutral</b> (unanimous)

## What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

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## **Respondents' views against the Applicable BSC Objectives**

Eight out of the nine respondents to the Assessment Procedure Consultation agreed that P320 would better facilitate Applicable BSC Objectives overall for similar reasons expressed by the Workgroup. Only one respondent believed that P320 would be neutral against the Applicable BSC Objectives and suggested a different approach for the Workgroup to consider. However the Workgroup did not believe this approach was better than the proposed solution and therefore did not put it forward (see Section 6 for details).

### Panel's consideration of P320

The Panel agreed that capped Supplier Charges under PARMS does not provide sufficient incentive for Suppliers to comply with P272 requirements.

One Panel Member questioned whether the current arrangement for Supplier Charges is still fit for purpose. ELEXON noted that, under the Panel strategy, the PAB has a plan to review the arrangement of Supplier Charges. The Panel Member further commented that Suppliers are responsible for managing their Meter Operators to ensure correct reporting under PARMS and that if the Meter Operator incorrectly reports any Metering Systems as non-compliant, this information should also be captured. This information would be captured via the Committee report in a similar way as it would under the PARMS with a reduced cost.

### Panel's initial recommendations

#### Applicable BSC Objectives

The Panel unanimously agreed that P320 better facilitates Applicable BSC Objective (d) for the same reasons expressed by the Workgroup, and that P320 is neutral against the other Applicable BSC Objectives.

The Panel therefore unanimously initially recommended that P320 should be **approved**.

#### Legal text

The Panel unanimously agreed that the draft redlined changes to the BSC in Attachment A delivered the intention of P320.

#### Implementation Date

The Panel unanimously agreed with the Workgroup's recommended Implementation Date put forward by the Workgroup.

## 9 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment C.

### Summary of P320 Report Phase Consultation Responses

Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P320 should be approved?	6	0	0	1
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P320?	6	0	1	0
Do you agree with the Panel's recommended Implementation Date?	6	0	0	1
Do you have any further comments on P320?	3	4	0	0

### Views on the initial recommendation

Six out of the seven respondents agreed with the Panel's initial recommendation to approve P320. The respondents believed that the Committee report would be the most cost efficient method of monitoring P272's implementation without the need to change PARMS.

One respondent was unsure whether P320 better facilitates Applicable BSC Objectives (c) and (d), noting that there could be a lot of manual ad-hoc work required in producing the Committee report if the level of non-compliance is high. These BSC operational costs would also be shared by those market participants with good performance, and they would not receive compensation through reallocation of Supplier Charges. The respondent felt disappointed that no other cheaper options could be found. They also disagreed with the Proposer's view that it would be unfair to penalise Suppliers who cannot settle PC5-8 Meters HH despite reasonable efforts have been taken. The respondent believed that Supplier Charges are a form of commercial compensation arrangement, and it seems quite rational that the cost to other participants should be compensated (in the form of Supplier Charges) by the non-compliant Parties. These charges should be weighed against the cost of achieving compliance when deciding the best course of action to take.

### Views on the proposed Implementation Date

One respondent agreed with the proposed Implementation Date of 1 April 2017, but felt that the proposed cut-off date for the Authority's decision does not give Parties sufficient time to prepare for the change. They suggested a suitable cut-off date to be 1 April 2016. The other six respondents all agreed with the Panel's proposed implementation approach.

ELEXON agreed that the cut-off date should be set as early as possible to allow sufficient time for Parties to prepare for the change. We proposed a new cut-off date of 1 October 2015, taking into account the Authority's anticipated timescale for making its decision.

## Other comments

One respondent believed that, unless a decision is made quickly, there could be costs to participants to undo work that may be done in the interim to implement the existing PARMS requirement. They also considered that participants would be required to support the Committee report process as the PAB requires, which may result in additional costs.

One respondent believed that the Panel should defer its recommendation until the MEC has granted the data licence to ELEXON in order for it to obtain the data for the Committee report.

The MEC approved the licence application at its meeting on 28 July 2015.

### Panel's discussion on P320

The Panel noted that ELEXON proposed a new cut-off date of 1 October 2015. One Panel Member agreed with this rationale of providing the industry with an early decision on whether PARMS change should be made. He felt that the merit of P320 is to reduce system costs for all industry parties and that providing the certainty as soon as possible would be preferable. The Ofgem representative echoed this view and felt that the previously proposed cut-off date seemed quite long. She further emphasised that Ofgem would aim to make a decision in a most efficient matter.

The Chairman queried why the final costs have gone up from the initial quote. ELEXON advised that the initial quote was provided by the ECOES technical service provider. However after the MEC approved the data licence, Germserve, who is the owner of the ECOES data, provided ELEXON with an updated quote. ELEXON highlighted to the Panel that it is still in negotiation with Germserve on the price.. Nevertheless it would be significantly cheaper than the costs for the industry to change PARMS.

The Chairman questioned whether there is an appetite for ELEXON to receive this data prior to the Implementation Date. ELEXON confirmed that the PAB would find it useful to receive this data as soon as possible in order to monitor the PC5-8 market transition under P272 and P322.

### Panel's final recommendations

#### Applicable BSC Objectives

The Panel unanimously agreed that P320 better facilitates Applicable BSC Objective (d) for the same reasons expressed by the Workgroup, and that P320 is neutral against the other Applicable BSC Objectives.

The Panel therefore unanimously recommended to the Authority that P320 should be **approved**.

#### Legal text

The Panel unanimously agreed that the draft redlined changes to the BSC in Attachment A delivers the intention of P320.

#### Implementation Date

The Panel unanimously agreed the Implementation Date for P320 of 1 April 2017, if the Authority's decision is received on or before 1 October 2015.

## 11 Recommendations

The BSC Panel recommends to the Authority:

- That P320 should be **approved**;
- An Implementation Date for P320 of **1 April 2017**, if an Authority decision is received on or before 1 October 2015; and
- The BSC legal text for P320.

## Appendix 1: Supplier Charge Analysis

### Summary

ELEXON conducted this analysis, as part of the Workgroup's assessment, to ascertain the potential impact of the SP04 Supplier Charges that would be introduced by P272. The analysis concluded that SP04 Supplier Charges would not provide an incentive for Suppliers to be compliant.

### Assumptions

ELEXON used January 2015 Supplier Charges as a base line for 'average Capped Supplier Charges'.

It was also assumed that the current SP04 value of £4.06 would be the charge applied per non-compliant MSID per day.

We took the total number of PC5-8 MSIDs as reported in the Winter 2014 Profile Administration Reports (PAR). It was not possible to ascertain which of these PC5-8 Meters were Advanced Meters, therefore we assumed for the purposes of these calculations that all PC5-8 were AMR Meters.

Due to the approval of P322, the Implementation Date of P272 was amended from 1 April 2016 to 1 April 2017. We assumed for the purposes of these calculations that only 10% of MSIDs would be non-compliant with effect from the extended Implementation Date. (Where a Supplier had less than 10 PC5-8 MSIDs registered, we assumed 1 of these would be non-compliant with effect from 1 April 2017 for the purposes of these calculations).

The overall SP04 charges were calculated bases on 10% or 1 MSIDs being non-compliant in each GSP Group for at least 30 Calendar Days. (30 Calendar days were used in the calculations as an average reporting period).

### Results

The analysis shows that Supplier Charges would increase in total by 68.63%. However, due to GSP Group and Supplier Market Share capping (i.e. Suppliers do not need to pay the additional charges above their caps), there would be a very small amount of increase in Supplier Charges that Suppliers are likely to pay for potential non-compliance. Some Suppliers have already hit their caps.

Although a number of large Suppliers have not hit their overall Supplier Charges caps, but their Supplier Charges are already capped by their individual GSP Groups capping. Also a large proportion of their Suppliers Charges that Suppliers have incurred are due to more expensive PARMS Serials such as SP01 rather than SP04. This would provide no incentive in real terms to be compliant.

Max Capped Charges Total	Actual Capped	Max Jan 2015 Capped Charges	% Increase	Difference from Cap
£ 631,727.85	£ 433,574.49	£ 1,547,813.83	68.63%	-£ 1,114,239.34

All Suppliers would however see an average increase in Supplier Charges of 53.68% if uncapped.

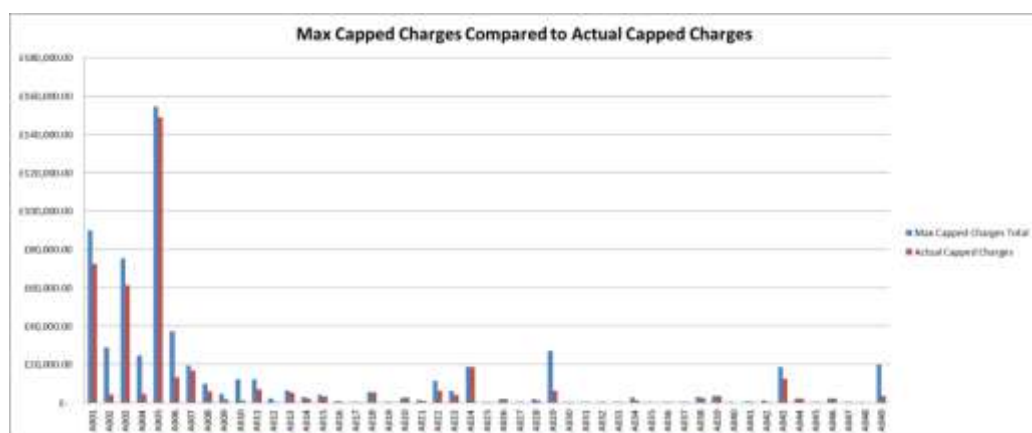


Figure 1: Capped Supplier Charges for January 2015

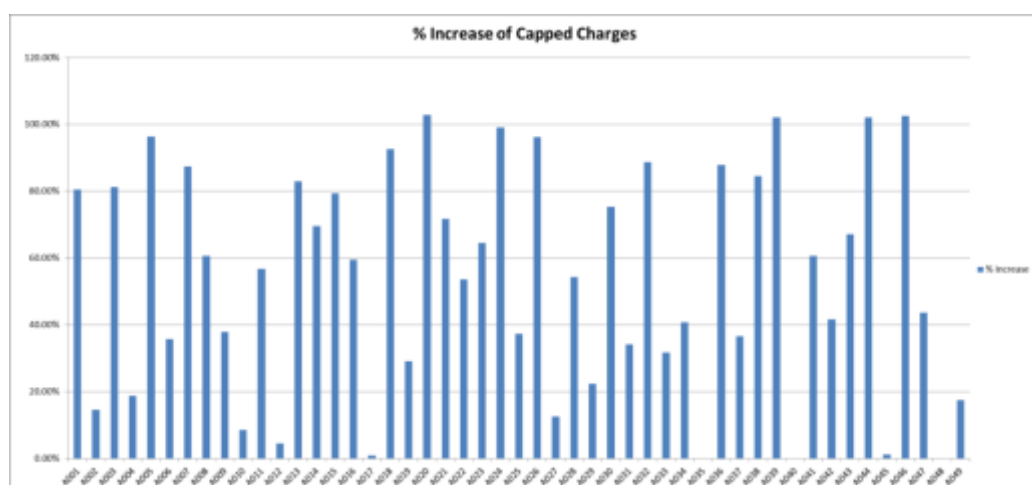


Figure 2: % Increase of capped Supplier Charges for January 2015 with 10% or 1 Non-compliant MSID for at least 30 calendar days

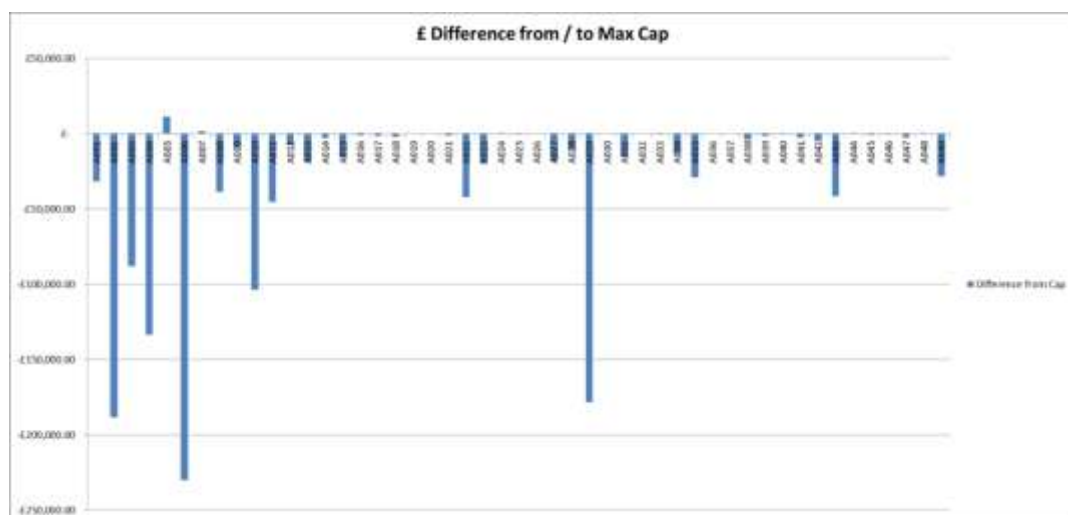


Figure 3: Amount Left (£) until overall Supplier Cap reached (Where difference in cap is negative this shows how much additional charge the Supplier would need to incur before hitting its maximum cap)



## Appendix 2: Workgroup Details

### Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P320 Terms of Reference

How should the Committee report be created and what data should be included?

With what frequency should the report be provided?

What concerns may there be over data confidentiality and how can these be mitigated?

Who owns the report and therefore will be responsible to review the report from time to time?

Will there be a need to change PARMS Serial SP04 post P272 implementation?

What changes are needed to BSC documents, systems and processes to support P320 and what are the related costs and lead times?

Are there any Alternative Modifications?

Does P320 better facilitate the Applicable BSC Objectives than the current baseline?

### Assessment Procedure timetable

#### P320 Assessment Timetable

Event	Date
Panel submits P320 to Assessment Procedure	09 Apr 15
Workgroup Meeting 1	21 Apr 15
Assessment Procedure Consultation	18 May 15 – 05 Jun 15
Workgroup Meeting 2	10 Jun 15
Panel considers Workgroup's Assessment Report	09 Jul 15

## Workgroup membership and attendance

P320 Workgroup Attendance			
Name	Organisation	21 Apr 15	10 Jun 15
Members			
David Kemp	ELEXON ( <i>Chair</i> )	✓	✓
Oliver Xing	ELEXON ( <i>Lead Analyst</i> )	✓	✓
Gregory Mackenzie	British Gas ( <i>Proposer</i> )	✓	✓
Colin Prestwich	SmartestEnergy	✓	✓
Eric Graham	TMA Data Management Ltd	✓	✗
Pete Butcher	SSE	✓	✓
Tim Newton	E.ON	✓	✓
Ian Hall	IMserv	✗	✗
Gavin Somerville	EDF Energy	✓	☎
Matt Keen	Npower	✓	✗
Paul Orr	Scottish Power	✓	☎
Attendees			
Oliver Meggitt	ELEXON ( <i>Design Authority</i> )	✓	✓
Kathryn Munday	ELEXON ( <i>Design Authority</i> )	✓	✓
Nicholas Brown	ELEXON ( <i>Lead Lawyer</i> )	✗	✗
Jeremy Adams-Strump	Ofgem	✓	✓

## Appendix 3: Estimated Progression Effort

The following tables contain the estimated effort in progressing P320:

Assessment Effort	
Participant	Effort (man days)
ELEXON	40
Workgroup members	24
<b>Total</b>	<b>64</b>

Consultation Response Effort	
Consultation	No. of responses
Assessment Procedure Consultation	9
Report Phase Consultation	7
<b>Total</b>	<b>16</b>

## Appendix 4: Glossary & References

### Acronyms

Acronyms	
Acronym	Definition
BUSRR	Business Unit Settlement Risk Rating
CT	Current Transformer
DSO	Distribution System Operator ( <i>BSC Party</i> )
ECOES	Electricity Central Online Enquiry Service ( <i>database</i> )
EFR	Error and Failure Resolution
HH	Half Hourly
LLFC	Line Loss Factor Class
MPAN	Metering Point Administration Number
MRASCo	Master Registration Agreement Service Company ( <i>Code Administrator</i> )
NHH	Non Half Hourly
PAB	Performance Assurance Board ( <i>Panel Committee</i> )
PAF	Performance Assurance Framework
PARMS	Performance Assurance Reporting and Monitoring System
PC	Profile Class
SLC	Standard Licence Condition
SMRS	Supplier Meter Registration Service
SSC	Standard Settlement Configuration
TAA	Technical Assurance Agent ( <i>BSC Agent</i> )
UMS	Unmetered Supply
WC	Whole Current

### DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0082	Supplier Purchase Matrix Report

## External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	P272 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/">https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/</a>
3	Issue 59 page on the ELEXON website	<a href="https://www.elexon.co.uk/smg-issue/issue-59-consideration-parms-supplier-charge-changes-introduced-p272-p300/">https://www.elexon.co.uk/smg-issue/issue-59-consideration-parms-supplier-charge-changes-introduced-p272-p300/</a>
3	P320 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p320/">https://www.elexon.co.uk/mod-proposal/p320/</a>
4	P322 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p322/">https://www.elexon.co.uk/mod-proposal/p322/</a>