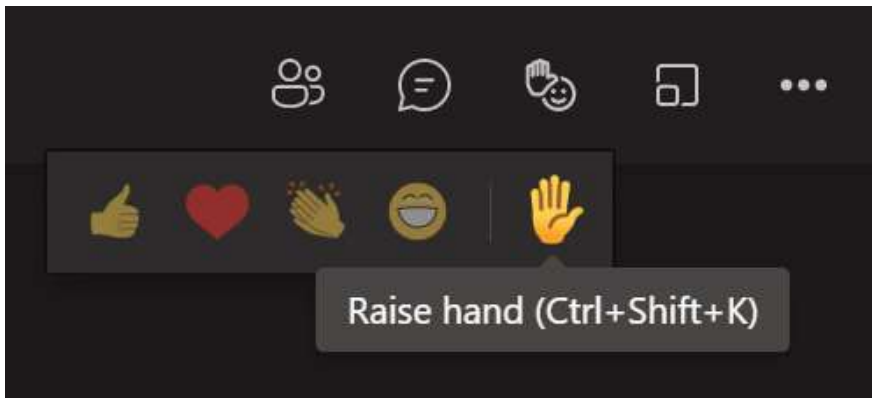


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## Issue 113. Digital Meeting Etiquette

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- Welcome to the Issue 113 Workgroup Meeting 1 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the Raise hand feature in the Menu bar in Microsoft Teams if you want to speak, or use the Meeting chat



- Talk – pause – talk
- Lots of us are working remotely – be mindful of background noise and connection speeds

# ELEXON

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**Issue 113 – ‘Introduction of a Radio  
Teleswitch System (RTS) user charge’**

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Meeting 1

14 June 2024

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# Meeting Agenda

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Agenda Item	Lead
1. Welcome and meeting objectives	Patrick Matthewson (Elexon) – Chair
2. Background & history to Issue 113	Matthew Slocombe (Elexon) - Proposer
3. Issue 113 – what is the issue?	Matthew Slocombe & Mark De Souza-Wilson (Elexon) - SME
4. Terms of Reference	Serena Tilbury (Elexon) – Lead Analyst
5. Workgroup discussion on solutions	Elexon & Workgroup
6. Next steps	Serena Tilbury
7. AOB	Patrick Matthewson

- **Meeting Outcomes:**
- Understand the status quo and potential associated impacts;
- Review Issue 108; and
- Explore possible solutions



# BACKGROUND & HISTORY

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## Background to Issue 113 (1/2)

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- The Radio Teleswitch Service (RTS) uses the British Broadcasting Corporation's (BBC) long wave Radio 4 infrastructure to send signals to consumer's premises and control load switching devices, which operate storage and water heaters. The RTS is contracted through a BBC-ENA agreement
- Issue 84 was raised on 10 July 2019 to find an alternative funding mechanism for the RTS as the access providers (Distributor community) no longer wished to fund the operating costs as most no longer used RTS. Therefore, the primary beneficiaries were customers (through Suppliers). Prior to Issue 84, ENA apportioned all operating costs for the RTS service to access providers according to message usage. During Issue 84, SSE Networks agreed to contribute costs (as they continued to use RTS) to the RTS extension with the remainder of the costs (c. £1.4m) being recovered from BSC Parties
- ENA and Elexon had an existing Radio Teleswitching Contract which facilitated the ENA providing data to Elexon for a fee. The contract was extended to include the operational pass-through costs for RTS on the recommendation of Issue 84 in accordance with BSC Section D 'BSC Cost Recovery and Participation Charges'. This agreement has since be extended as the need for the RTS service was needed passed the initial deadline
- As the operational RTS costs for 1 April 2023 to 31 March 2024 were due to rise significantly, Issue 104 'Extending RTS Cost Recovery Arrangements Under the BSC' was raised in January 2023 to reaffirm support for passing the operational RTS costs through the BSC, and assessed whether an alternative cost apportionment through the BSC would be suitable
- From then, the RTS operational costs being passed through the BSC were apportioned across Supplier and Generator BSC Trading Parties. 50% are recovered from Suppliers via the SVA Metering System Specified Charge and 50% are recovered from Generators via Funding Share

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## Background to Issue 113 (2/2)

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- The current deadline for the switch of the RTS signal broadcast is 30 June 2025
- The costs of maintaining the RTS signal are variable and are fully passed through. As such there is potential for considerable increases in costs for the service, with a worst case scenario of around £5.5 million per year
- In an open letter dated 19 January 2024 Ofgem noted:  
“We are concerned about the lack of progress in this area. We consider that consumers who remain on traditional RTS meters are not only being left at a disadvantage, as they are unable to take advantage of the benefits smart meters bring, but more importantly may be exposed to risks should their meter not be replaced prior to the closing of the legacy service”
- The full letter is published on the Ofgem website:  
Open letter on smart meter installations for prepayment and Radio Teleswitch customers (19 January 2024)  
<https://www.ofgem.gov.uk/publications/open-letter-smart-meter-installations-prepayment-and-radio-teleswitch-customers>



# RECAP OF ISSUE 108

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## Recap of Issue 108

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- The last Issue Group in this topic area was Issue 108, Further Extension of RTS Cost Recovery Arrangements Under the BSC
- General agreement that the vast majority of consumers who rely on RTS should be switched over by the Summer of 2025
- After the end of 2025 there is no guarantee an RTS service level acceptable users as legacy transmission technology is retired. With potential for customers to lose heat and hot water where this relies on RTS
- Customer acceptance is a barrier to switch over. There is no guarantee customers will accept a Smart Meter. Some very resistant and see no acceptable alternative
- Preference for RTS cost to be passed through as a BSC cost with any customer incentive handled outside of the BSC
- Concern that small charges per meter would provide little incentive but also that 100% cost recovery on a per meter basis was undesirable





# TERMS OF REFERENCE

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## Issue 113 Specific Terms of Reference

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ToR	Details
a)	Consider whether it is still appropriate for RTS operational costs to be passed through the BSC
b)	How can industry best be incentivised to move away from the RTS arrangements, through the BSC or otherwise?
c)	The mechanism for apportioning cost and how it is apportioned
d)	Subject to ToR a), consider whether there are any alternative cost recovery arrangements under the BSC.



# POSSIBLE SOLUTIONS

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## Solution Options

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- We would like to invite industry to consider whether to continue to **pass the operational costs for the RTS service through the BSC**
- If so, we would like to invite industry views on the **potential options to take forward**
- We suggest that the Issue Group may wish to consider:
  - Modifying how RTS costs are recovered under the BSC if the BSC Issue Group wished for a different cost recovery mechanism. This could be for example:
- **Option A:**
- The BSC panel to set a charge per meter, perhaps on a quarterly basis, with residual costs to then be allocated across:
  - a) Suppliers only; or
  - b) Suppliers and Generators
- **Option B:**
- With total RTS cost allocated by Suppliers' proportion of all RTS devices (100% RTS cost recovery).

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## Solution options – pros & cons

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Solution	Pros	Cons
Option A: Mod to introduce a fixed charge per RTS device that offsets the costs passed through the BSC	<ul style="list-style-type: none"><li>• More targeted at Suppliers only</li><li>• Incentivises Suppliers to replace RTS devices</li><li>• Fixed charge can adjust via Panel Decision at specific intervals</li></ul>	<ul style="list-style-type: none"><li>• Change to Invoice</li><li>• Decision required re whether residual costs should be split between Suppliers only or Suppliers and Generators</li></ul>
Option B: Mod to introduce a total RTS cost allocated by Suppliers' proportion of all RTS devices	<ul style="list-style-type: none"><li>• More targeted at RTS users</li><li>• Cost reflective</li></ul>	<ul style="list-style-type: none"><li>• Change to Invoice</li><li>• Last to exit could be charged full cost</li><li>• Increasing liability for RTS costs</li></ul>





# NEXT STEPS

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## Progression plan

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Event	Date
Issue raised	22 April 2024
<b>Workgroup meeting 1</b>	<b>14 June 2024</b>
Workgroup meeting 2 (if needed)	w/c 22 July
Present Issue Report to Panel	8 August 2024





AOB

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## THANK YOU

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**Serena Tilbury**

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14 June 2024