

UMSUG Recommendation on BT Openreach Charge Codes

Meeting Name	Supplier Volume Allocation Group
Meeting Date	30 April 2013
Purpose of paper	For Decision
Summary	BT Openreach presented its application for Unmetered Supplies (UMS) Charge Codes to the UMS User Group (UMSUG) on 16 April 2013. This paper presents the UMSUG's conclusion that the equipment meets the defined requirements for a UMS, and its recommendation that 13 Charge Codes should be provided in principle (subject to the normal Charge Code application process) to cover all the variants of the equipment.

1. To what does the application relate?

- 1.1 The BT Openreach equipment relates to three types of broadband cabinet from two manufacturers. Openreach's roll-out of fibre to the cabinet (FTTC) is fundamental to the government's desire to see a connected Britain using high-speed broadband capability. Openreach is independent from BT in the sense that it is required to allow other communication retailers to use its equipment under the 'open access' obligations to provide communications to customers.
- 1.2 The three physical cabinet designs are similar, although the number of customers supported by each cabinet is scalable by adding between one and six cards. The Charge Code application is for 13 Charge Codes to reflect this simple modular approach whilst retaining appropriate Settlement accuracy.
- 1.3 In parallel to this application, Openreach has started discussions with Distributors to seek agreement for unmetered connections. You can find the UMSUG paper in Attachment A, Openreach's application paper in Attachment B and its presentation slides to the UMSUG in Attachment C.

2. BT Openreach presentation to the UMSUG

- 2.1 The key points made by Openreach in its presentation to the UMSUG were as follows:
 - ~33,000 metered cabinets are already installed;¹
 - The existing metered cabinets have provided a robust sample of data which demonstrates that each cabinet's load is <500 Watts and is predictable in nature;
 - Openreach plans to install a further ~80,000 cabinets by 2015, with an additional potential ~20,000 by 2020;²

¹ When Openreach commenced installation in 2009, there was uncertainty about cabinet electrical consumption and therefore some industry resistance to unmetered cabinets. Due to the significant political importance of the programme, the installation programme was commenced using metered connections.

- The Meter installation costs and timescales, and the ongoing operational metering costs, for these cabinets are significant³ and benefits will flow to customers (and particularly to rural communities and local councils) if these cabinets are settled on an unmetered basis;
- Openreach has a robust inventory-management system that will ensure the correct Charge Codes are declared, both on installation and for any subsequent changes to cabinet configuration;
- As Openreach is the customer seeking supply, it has a natural incentive to ensure that the inventories are accurate; and
- The application is for new installations only and the existing metered cabinets will remain, giving the ability to reanalyse the data from these metered cabinets in the future should the cabinet configuration and consumption change in the long term.

3. UMSUG view

- 3.1 The UMSUG noted Openreach's presentation. It noted that BSC Section S8 states that each Licensed Distribution System Operator (LDSO) shall determine, in relation to supplies of electricity connected to its Distribution System(s) or its Associated Distribution System(s) (if any), whether a supply of electricity to a particular inventory of Apparatus is to be treated as an UMS for BSC purposes.
- 3.2 The UMSUG noted that BSC Section S8 goes on to state that LDSOs would not normally expect to determine that a supply should be treated as unmetered unless:
- It is **technically impractical** to install a Meter, or to carry out meter readings; or
 - Installing a Meter, or carrying out meter readings, would incur a **wholly disproportionate cost**; or
 - The supply of electricity in question is both **small** (in kWh terms) and reasonably **predictable**.
- 3.3 The UMSUG also noted the [guidance](#) published by the National Measurement Office (NMO) on Statutory Instrument 2001 No. 3263, which additionally states that the electrical load must be <500W.⁴
- 3.4 The LDSOs and Independent Distribution Network Operators (IDNOs) present at the meeting indicated that, subject to any further SVG considerations, they were minded to grant an UMS connection. The UMSUG considered that, while it was technically possible to meter future cabinets, the application met the criteria of <500W consumption, predictability and disproportionate cost. The NMO also confirmed at the meeting that it believed the application met the necessary conditions of the Statutory Instrument. ELEXON asked LDSOs, IDNOs and the NMO to provide email confirmation to this effect before the SVG meeting; we will update the SVG verbally on the confirmations received.

² These figures include installations in Northern Ireland.

³ Openreach's application in Attachment A provides information on the cost and timescale implications. Further confidential information will be provided to the SVG verbally at its meeting.

⁴ This is reflected in Section 1.1 of BSC Procedure (BSCP) [520](#) 'Unmetered Supplies Registered in SMRS'.

- 3.5 The UMSUG considered that, from the perspective of Settlement accuracy, there was likely to be negligible difference between Openreach's future cabinet installs being metered or unmetered. An UMSUG Member commented that the key argument was predictability. BT Openreach's data from its existing metered cabinets had demonstrated predictability and installing and operating metering for future installations would add no further benefit to Settlement accuracy while incurring disproportionate cost. The UMSUG further noted that the data from the existing metered cabinets would be available for checking so that the unmetered cabinets can be audited in the future.
- 3.6 The UMSUG recognised that the currently-installed cabinets were metered. However it agreed that future installations of the equipment should be allowed UMS Charge Codes as:
- The majority of Distributors present at the meeting indicated that they would be minded to accept these as unmetered connections (with the rest undertaking to confirm outside the meeting);
 - The NMO believed the application to meet the necessary conditions of the Statutory Instrument, i.e. the load is predictable and <500W;
 - Installing a Meter, or carrying out meter readings, would incur a wholly disproportionate cost; and
 - There is likely to be no benefit in Settlement accuracy from metering future cabinet installs – the UMS inventory would be accurately maintained and data from the existing cabinets could be used for future audit purposes.
- 3.7 The UMSUG therefore recommends to the SVG that 13 Charge Codes defined in Attachment B should, in principle, be provided for the BT Openreach cabinets.⁵

4. Next steps

- 4.1 ELEXON proposes that, based on the UMSUG's recommendation, the SVG agrees to the UMS Charge Codes in principle. These are then subject to the normal Charge Code application process, including ELEXON's sampling/verification of the data as described below.
- 4.2 As Openreach's existing metered cabinets provide a large sample of 'real life' data upon which to base the unmetered values, it has not obtained any laboratory test data. We therefore propose, in lieu of test-house data, to sample test Openreach's metered data against our Settlement data to confirm its calculations for our chosen selection of Metering System IDs.

⁵ It was identified that two of the original 14 requested Charge Codes had the same loading and could be combined.

5. Recommendations

5.1 ELEXON invites the SVG to:

- a) **NOTE** the UMSUG's review of the BT Openreach cabinets application for unmetered supplies;
- b) **NOTE** that Distributors are minded to accept BT Openreach cabinets as unmetered connections;
- c) **AGREE** the UMSUG's recommendation that UMS Charge Codes should, in principle, be provided for BT Openreach cabinets, subject to the normal Charge Code application process (including ELEXON data sampling/verification); and
- d) **NOTE** that we will raise the necessary Market Domain Data (MDD) change, as per the normal MDD process, for review and for approval at the next SVG meeting on 4 June 2013.

Appendices:

None

Attachments:

Attachment A – UMSUG Paper [109/05](#)

Attachment B – Charge Code Application

Attachment C – BT Openreach Presentation Slides

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