

Issue 104 – Extending the RTS Cost Recovery Arrangements Under the BSC Terms of Reference

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Owner/author	Cecilia Portabales	Document version	V1

1. Background

- 1.1 The RTS operational costs passed through the BSC (and thus Elexon has no control over) are expected to rise from c.£1.5m to a possible c.£5.5m per annum from April 2023 – March 2024. Therefore, Elexon wishes to re-establish industry support for passing RTS costs through the BSC from April 2023 onwards (through an extension to the Elexon/ENA contract). Further, we would like to reconfirm industry support for how the costs should be apportioned across Suppliers and Generators.
- 1.2 Although Suppliers are the primary users and thus beneficiaries of RTS, we encourage other market participants impacted by this Issue to engage in this process. For example, Generators who currently contribute to RTS costs. Currently, the costs are spread across approximately c.31m MPANs, on average attributed 50% to Suppliers and 50% to Generators.

2. Scope – Issue 104 Workgroup Terms of Reference

- 2.1 The Workgroup will consider Issue 104 ‘Extending RTS Cost Recovery Arrangements Under the BSC’ in accordance with this Terms of Reference.
- 2.2 We expect the following groups to be impacted by this Issue and invite them to join the Issue Groups:
 - Generators
 - Suppliers
- 2.3 Issue 104 Terms of Reference
 - Confirm whether it is still appropriate for RTS operational costs to be passed through the BSC.
 - What are the current arrangements, and which BSC Parties are involved in the funding?
 - How many RTS Metering Systems are currently active, and how are they calculated?
 - How can we incentivise the industry to move from RTS, through the BSC or otherwise?
 - There are three solution options to discuss:
 - 1. Continue to recover operational RTS costs through the BSC as a BSC Cost,
 - 2. Modify how RTS costs are recovered under the BSC:
 - a. proportionately across all Suppliers
 - b. by RTS user on a market share basis
 - Should the BSC be modified to allow a differing proportional cost recovery mechanism?
 - Is there any other solution that could be adopted? What are the industry views on each one of the proposed solutions?

3. Expected Issue Group Timetable and Desired Outcomes of each meeting

- 3.1 Elexon proposes the following progression route and outcomes for each meeting:

Proposed Issue Group Progression Timetable		
Event	Date	Comments
Publish Issue Proposal form on BSC website	26 October 22	
Seek Issue Group members	W/C 24 October – 1 Nov 22	Elaxon will seek members to join the Issue Groups.
Issue group 1	16 Nov 22	<p>We aim to finalise all the Issue 104 group work in one meeting. Therefore, the desired outcomes of the meeting are:</p> <ul style="list-style-type: none"> • Overview of existing arrangements to pass-through RTS costs. • Discuss the extension of RTS arrangements. • Discuss the proposed solutions and potential pros and cons. Are there any other solution? • Discuss further incentives to transition away from the use of RTS. This could include additional assurance and monitoring activities of the transition by Elaxon. • Discuss the communication strategy to use with customers reluctant to switch to a smart meter. • 10 Working Days (W/D) Industry Survey on Issue group 1 findings.
Issue group 2	W/C 05 Dec 22	<p>Desired outcome of second meeting:</p> <ul style="list-style-type: none"> • This is a contingency meeting to discuss any other requirements. If no further requirements need to be discussed then we will not hold this meeting.
Present Issue Report to Panel	January 2023	

3.2 The above timetable assumes two meetings (one being a contingency meeting) are required to address the issue and agree the next steps, whether that be another Issue Group, Modification or CPs etc. If more are required then the Issue group will continue to conduct meetings, however we are not expecting this Issue Group to run beyond two months.

4. Other

4.1 For the avoidance of doubt, the standard Issue group Terms of Reference¹ will apply in addition to the additional requirements detailed in this Terms of Reference.

For more information, please contact:

Cecilia Portabales, Senior Change Analyst

Cecilia.Portabales@elaxon.co.uk

020 7380 4171

¹ <https://www.elaxon.co.uk/documents/change/issues/terms-of-reference-for-issue-groups/>