

ELEXON

09 December 2021

Michael Walls
10 South Colonnade
Canary Wharf
London
E14 4PU

Dear Michael Walls,

We are writing to you on behalf of the [Issue 97](#) Work Group ('Meter shortage risk driven by global materials availability and supply chain challenges').

In this letter we will provide you with the information we currently have available on this Issue. We will also explain the actions being taken by Elexon in order to mitigate the associated risk within the remit of the Balancing and Settlement Code (BSC).

This information is being provided in order to highlight the associated risks and to give BEIS and Ofgem the opportunity to determine if there would be value in Elexon providing routine updates on this Issue going forward.

The Issue

Elexon is aware of potential challenges impacting the availability of Settlement Meters, which are the basis for customer billing as well as new Meter installs being essential for new build facilities to go live. These challenges are linked to issues with global supply chains, and therefore largely outside of market participants' control.

The feedback and data we have available indicates that there is no impact at present on the availability of Smart Meters. Further to this, that feedback also indicates the risk of future impact, over the next 12 to 18 months, on Smart Meter availability to be low. Parties are however seeing shortages of Comms Hubs and Smart Meters can't be installed without a Comms Hub.

However, our data and Issue 97 Work Group discussion indicates that there is a significant risk of shortages of Automatic Meter Reading (AMR) and Current Transformer (CT) Metering which is expected to start impacting on operations in the next three months. Elexon notes that the energy volumes associated with CT Metered sites will be far greater than domestic Smart Metered sites. This risk is forecast to increase over the next three to six months. Feedback from one major manufacturer suggested that supply chains might start to improve in six to twelve months' time. However, all manufacturer Request for Information (RFI) responses have noted medium to high risk for AMR and CT Metering availability in the next three, six and twelve months.

The Work Group noted that there might be some optimism bias from respondents as participants facing the most serious impacts may not have wanted to highlight those challenges. It was also noted that even if supply chain issues are resolved, there may then be challenges associated with clearing backlogs of site visits and Meter exchanges.

We note that Meter availability has a direct impact on Fault Resolution and New Connections. While we are focussed on the impact of this on the Settlement processes under the BSC, we note the risk associated with New Connections has the potential for wider economic impacts and presents a risk to Security of Supply.

Data and RFI

In order to forecast the Settlement Risks associated with this Issue and for the Issue 97 Work Group to determine appropriate actions to mitigate the impacts of this Issue on market participants, we issued an RFI to Suppliers, Meter Operator Agents (MOAs) and Meter manufacturers. Elexon has been working with the Retail Energy Code (REC) Assurance Administrator in order to request RFI responses from MOAs / Meter Equipment Managers (MEMs). Elexon has also been engaging with manufacturers via their trade association [BEAMA](#).

RFI responses from MOAs indicated no works are currently being impacted by Meter availability. However, as noted above, MOA and Meter manufacturer responses did forecast medium to high risk for CT and AMR Metering availability over the next three, six and twelve months.

Supplier responses indicate a lower risk across all Meter types. However, the majority of Suppliers noted that they do not directly manage their own Meter stock and it is therefore believed that many Suppliers do not have the best forward view of Meter availability. A major Meter manufacturer stated they have already been having meetings around constrained stock and were surprised and sceptical about the Supplier assessment of the current low impact. The Group also believed there is a risk that MOAs who are currently reporting good stock levels could soon have more demand than anticipated as Suppliers start to 'shop around' for MOAs with stock.

Elexon's data in respect of New Connections (which is based on quarterly snapshots of Supplier Meter Registration Service (SMRS) data, the most recent snapshot running to 30 September 2021) has not highlighted a decline in New Connections which reflects RFI responses and Work Group feedback.

Elexon also tracks outstanding Faults in the SVA and CVA market and will be using this data as an indicator for the severity of this Issue. At present Elexon has not seen a significant increase in aged Meter Faults.

Actions being taken by Elexon

1. [Progress an 18 month dispensation for CP1527](#) targeting January 2022 Committees.
 - 1.1 Elexon noted feedback from manufacturers that the supply chain challenges may make it very difficult to service the requirements of CP1527 which will increase the minimum data storage capacity for Settlement Outstations. This action will therefore allow existing meter stock to be used.

2. Progress a Code of Practice 4 (CoP4) recalibration dispensation for CoP3 and CoP5 targeting February 2022 Committees.
 - 2.1 The Issue Group noted that allowing participants to leave certain Meters installed for longer without the need for recalibration, before needing to be replaced would present a comparably low risk and could help to mitigate the more serious Meter availability risk.
3. Send emails to Data Collectors (DCs) subject to Workgroup review, encouraging them to expedite Meter approvals where possible to help mitigate the risk associated with Issue 97.
 - 3.1 Work Group and RFI respondents noted that in some cases Meter stock is available but cannot be installed pending Meter approvals.
4. Issue notices to Suppliers, MOAs and Meter manufacturers in December 2021 that a further RFI will be issued in February 2022 requesting that they report on February's data along with another risk forecast for the following three, six and twelve months.
 - 4.1 The Work Group suggested that the next set of data should be requested in February so as to avoid any distortion linked to suppressed level of engineer visits over December and January, with the next Work Group meeting to be held in early March 2022.
5. Contact BEAMA the UK trade association for manufacturers and providers of energy infrastructure technologies and systems.
 - 5.1 This contact has been made with a view to soliciting RFI responses from a greater number of Meter manufactures.
6. Continue to monitor SVA and CVA Faults and resolution timescales as an indicator of the severity of this Issue.

As noted above, Elexon is happy to continue to provide updates in respect of this risk going forward if that would be of value. More information about the Issue, including the RFI data, can be found on the [Issue 97 webpage](#).

We welcome your comments and would be happy to discuss potential mitigation options as we note that supply chain challenges, the fundamental factor for this risk, sits outside of the BSC. We would also welcome any further insight which BEIS or Ofgem may be able to provide into the broader impact of the global electronic equipment shortages.

Yours sincerely,

Lawrence Jones

Issue 97 Chair

This letter has been sent to:

BEIS

Ofgem

BSC Panel

Issue 97 Workgroup