

# ELEXION

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**P379 ‘Multiple Suppliers through Meter Splitting’**

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Cost Benefit Analysis –Industry Stakeholder workshop

8 December 2020

# WELCOME AND INTRODUCTION

## Introduction to P379

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The P379 solution introduces arrangements to enable more than one Supplier to supply a premises, without needing to install another meter and without requiring a bilateral agreement between all of the Suppliers supplying the premises. It does this by introducing the following;

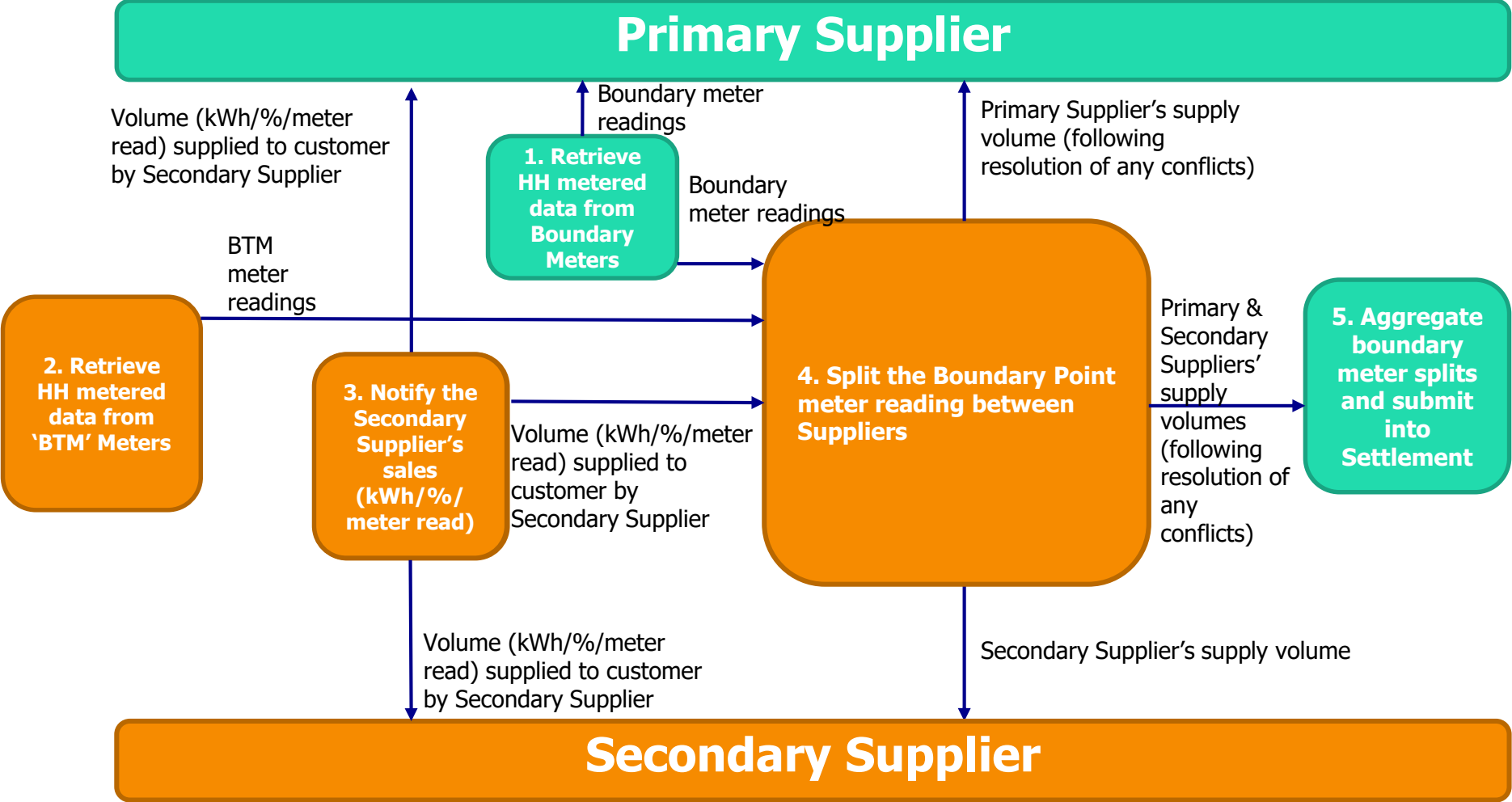
- Arrangements that allow a customer to contract a percentage or a block of their consumption to a Supplier other than their meter registrant.
  - These contracts are submitted to a calculation entity by a new Party Agent, the Contract Notification Agent.
- Rules for metering assets behind the boundary point and submitting those values into settlement, linked to the boundary point meter.
  - The calculation entity will automatically subtract these volumes from the customer's consumption, assigning them to the Secondary Supplier.

The solution introduces a number of new calculations to ensure that the correct volumes are assigned to each Supplier in these arrangements. The workgroup is considering two options, where these calculations are performed by a BSC Central System (Option 1) or by the meter registrant's Half Hourly Data Collector (HHDC) (Option 2).

The solution will also result in significant changes to Supplier operations, as they will need to be able to alter customer bills so they do not charge them for volumes supplied by other Suppliers. Supplier forecasts may also be different, as they will need to account for volumes supplied by other Suppliers.

P379 will enable a number of business models that are currently not viable unless they are facilitated within the portfolio of a single Supplier, including Peer-to-Peer trading and community energy. It is anticipated that P379 could therefore improve availability of these new services.

P379 high level process



Existing process

New process

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## Key aspects of the solution: Registration

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The customer's Primary Supplier will also be their meter registrant in SMRS (CSS). The current P379 solution does not anticipate any changes to SMRS (CSS) to facilitate operation under the solution.

Each MSID with Secondary Supply will have all Secondary Suppliers linked to the MSID a database operated under the terms of a Secondary Supply Registration Agent (SSRA). For the Cost-Benefit Analysis, we are assuming this database is an expansion of the Balancing Services Register, in SVAA.

Secondary Suppliers will be required to submit data to the SSRA. The SSRA will also issues and store any behind-the-meter meters used for Secondary Supply (AMSIDs), building on functionality anticipated to be delivered by Modification P375.

The SSRA will also keep details of which Customer Notification Agent (CNA) is operating at an MSID, and maintain a process for Change of Agent should the CNA change.

The SSRA will make available information about the Secondary Suppliers operating at an MSID, which a Primary Supplier may choose to view (anticipated self-service in the current solution).

## Key aspects of the solution: Data Submission

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The amount of Supply attributable to each Supplier will be calculated by a Calculation Entity (CE). In order to calculate the correct Supply volumes, the CE will need to be provided with the correct data. In order for the calculations to be accurate, the CE must be provided with Half-Hourly data. By extension, all customers in receipt of secondary supply must be Half-Hourly metered and settled.

There are three entities responsible for providing data to the CE;

- The CNA must submit Customer Volume Notifications (CVNs) to the CE. These will contain either a percentage of a fixed amount of the energy recorded at the boundary point meter in a given settlement period to be assigned to a specified Secondary Supplier.
  - CVNs must be submitted at least one hour in advance of the settlement period they relate to.
  - A customer's Primary Supplier will be sent a copy of each CVN that relates to that customer.
- The Primary Supplier's HHDA must submit boundary meter readings to the CE. The working business requirements re-use flow D0385, but in the final solution we anticipate using a flow similar to D0379 to facilitate greater granularity.
- The Secondary Supplier's HHDC must submit asset meter readings to the CE.

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## Key aspects of the solution: Calculations

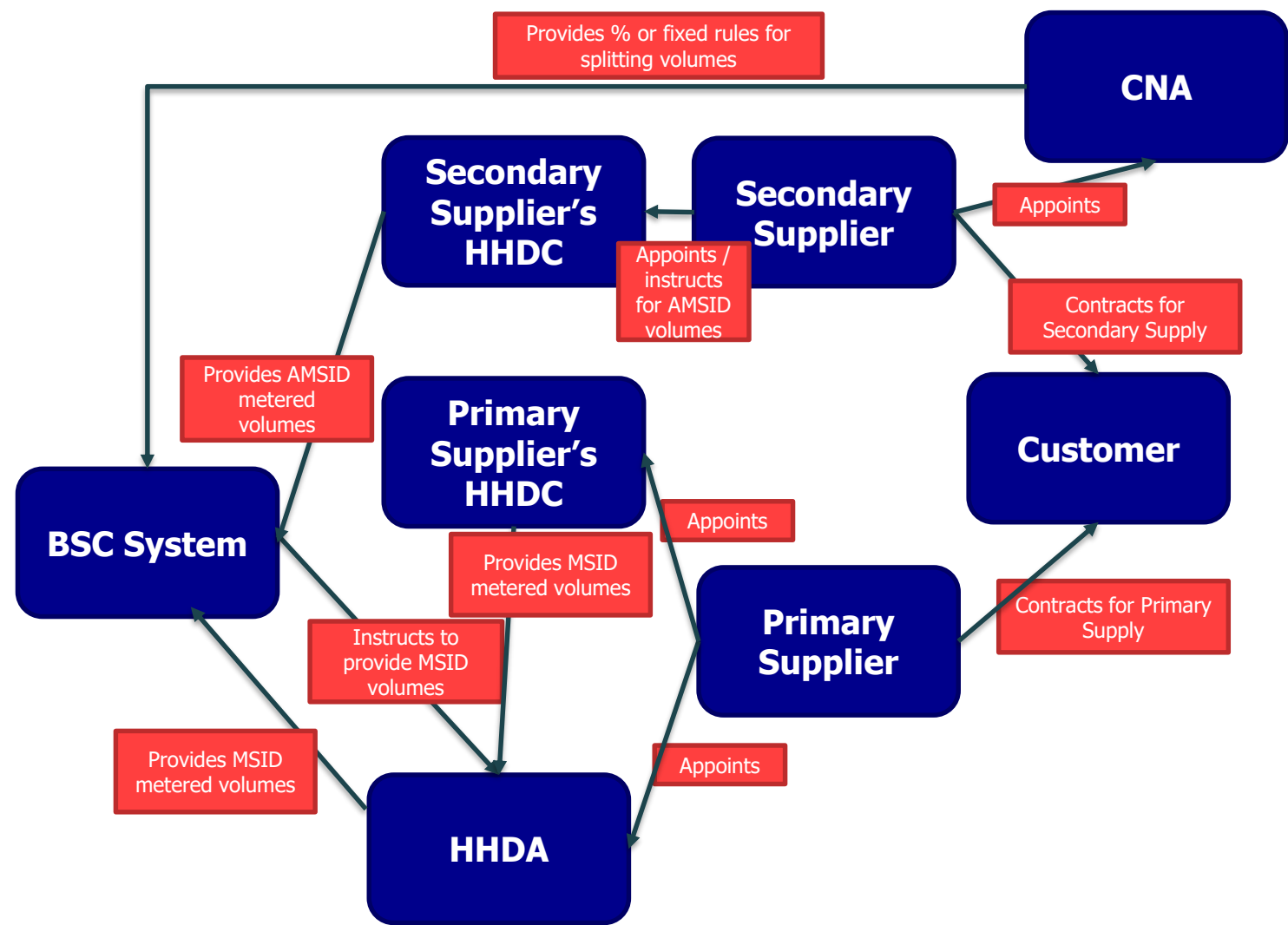
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Splitting calculations are performed by the Calculation Entity (CE). The workgroup are considering two options for the CE, the first where the calculations are the responsibility of a BSC System (SVAA) and one where they are the responsibility of the Primary Supplier's HHDC.

The calculation entity will subtract asset metered volumes from the boundary point metered volume and assign them to the Secondary Suppliers registered as supplying the asset. It will then apply the Customer Volume Notifications to the boundary volume, assigning them to the correct Secondary Suppliers. The remaining volume is assigned to the Primary Supplier.

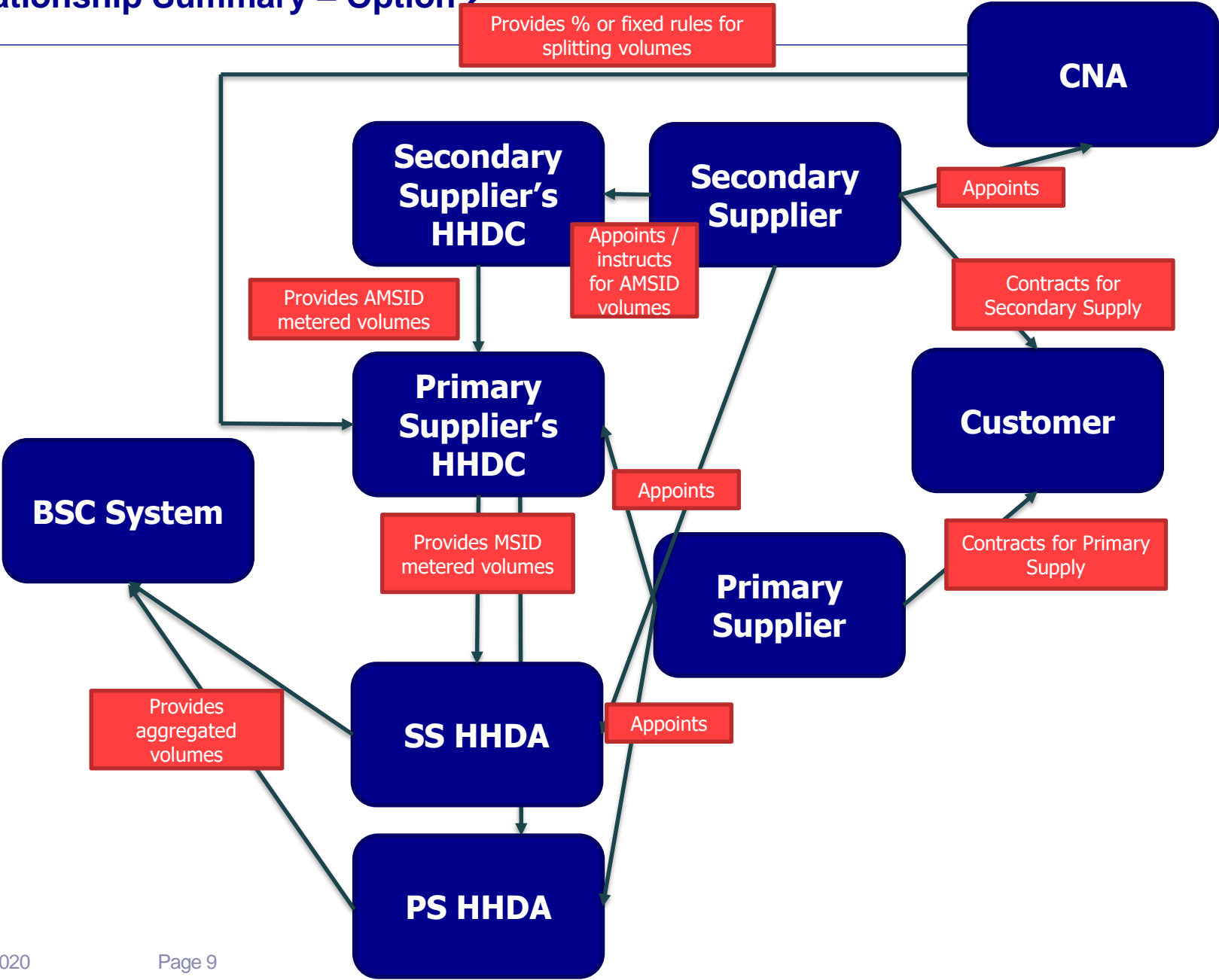
The calculation entity will report to each Supplier how much volume they have Supplied at each MSID for each settlement period. This information will be available after the calculation run, approximately 4WD after the settlement period in questions. Suppliers will need to use this information to adjust bills to customers.

Relationship summary – Option 1





Relationship Summary – Option 2



## Frequently asked questions

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There are a number of impacts and subsequent questions on arrangements that extend beyond the BSC. While we cannot specify how these arrangements will accommodate P379, we can anticipate how the situations would play out if there is no/minimum change.

Who can be a Secondary Supplier?

- Any licensed electricity Supplier could become a Secondary Supplier, but they must hold a licence to Supply and be registered as a Supplier in the BSC.

Who is responsible for imbalances?

- Each supplier is responsible for their own imbalances, meaning they should purchase, generate, or accept imbalance risk on any volumes they Supply to the customer.

How will Suppliers share network charges and policy costs for the customer?

- The solution has been designed to work within the existing market framework as far as possible. Any charges which are calculated on a per-MSID basis will be charged to the Primary Supplier, who will have to construct tariffs appropriately. Any charges calculated based on volume supplied will be calculated in the normal way, and chargeable to each Primary and Secondary Supplier based on how much they have Supplied. However, we do not currently anticipate that Secondary Supply customers will count towards thresholds for incurring policy costs.

How can a Primary Supplier recover costs if they do not end up Supplying any volume to a customer?

- This is a commercial decision for any Supplier supplying customers who also receive a secondary supply. It is not anticipated that the current tariff structure common in the electricity retail market will be appropriate for these customers, and that instead Primary Suppliers will compete with new tariff structures to provide connection services and 'backup power' to a customer, with Secondary Suppliers competing on unit costs.

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## Frequently asked questions

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Who is responsible for the boundary meter?

- The Primary Supplier is responsible for providing and maintaining the boundary meter at the premises.

How do Pre-Payment Meters (PPMs) work?

- PPMs are currently anticipated to be problematic in operation with the BSC solution, absent any changes to the way that PPMs operate. There are ongoing discussions with SECAS around PPM functionality in the context of multiple Suppliers.

Who can disconnect the meter (e.g. for non-payment)?

- We anticipate that Secondary Suppliers supplying an asset meter may disconnect that meter, but not the boundary meter. A Primary Supplier may disconnect the boundary meter. As a Secondary Supplier's volume is determined by the amount that a customer consumes via the boundary meter, they would not be in receipt of any supply volumes for that customer for the duration of the disconnection.

What happens if a customer with a Secondary Supplier moves?

- Normally, electricity Supply is by a Supplier to an MSID. However, we anticipate that Secondary supply contracts are with the customer and not the premises. A new customer moving into a premises with Secondary Suppliers does not enter deemed contracts with those Suppliers, and does not pick up any responsibility for paying them. All supply defaults to the Primary Supplier. The onus is on a Secondary Supplier to maintain the relationship with their customers, and potentially recover costs if they renege on their contractual obligations.

When will P379 be implemented?

- the implementation date of P379 is yet to be finalised. It will depend on how long the remainder of the workgroup process takes, as well as development times for any BSC and Supplier systems that need to be updated to accommodate the solution. We currently anticipate that implementation is likely to be in late 2023 at the soonest.

## Introduction to the Cost-Benefit Analysis

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Because the costs and benefits of P379 extend beyond those normally expected of a BSC Modification, we have engaged CEPA to help produce an assessment of the potential costs and benefits of P379. In particular, benefits are largely hypothetical and we welcome CEPA's experience in considering a wide range of energy market developments.

The cost and benefits cases will be developed against a counterfactual and informed by information gathered from BSC Parties and other interested third parties. This workshop will also help to inform thinking about costs and benefits.

The solution has been designed to work within the current electricity market structure, and takes into consideration other anticipated changes including BSC Modification P375 which will introduce asset metering arrangements for Virtual Lead Parties, and Market-Wide Half Hourly Settlement which will expand the number of boundary meters settled on a Half-Hourly basis, increasing the availability and utility of Half-Hour granularity metering data. The solution also leverages the current Supplier hub model, making use of existing Party and Party Agent responsibilities where practical. There should be no changes to the way that network or policy costs are levied, and each Supplier remains responsible for their own imbalances.

# NEXT STEPS

## Next steps

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- The CBA was issued 24 November 2020 with responses required by 15 January 2021
- Responses will be assessed by CEPA and Elexon
- CBA report will be presented to Panel in March 2021
- Panel and Proposer to consider the results and whether to progress the Modification.

# ELEXON

THANK YOU

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