

Modification proposal:	Balancing and Settlement Code (BSC) P434: 'Mandate to Half-Hourly Settle the Non-Half Hourly Unmetered Supplies Metering Systems' (P434)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Operator (NGESO), Parties to the BSC, the BSC Panel and other interested parties		
Date of publication:	7 December 2022	Implementation date:	Five working days after the Authority decision

Background

Market-wide Half-Hourly Settlement (MHHS) requires that all Metering System Identifiers (MSIDs) are settled on a half-hourly (HH) basis. The Code Change and Development Group (CCDG) recommended³ moving Non-Half Hourly (NHH) Unmetered Supplies⁴ (UMS) MSIDs to settle HH between October 2023 and October 2024 to mitigate the risk of not meeting the Transition Timetable set out by Ofgem in its April 2021 MHHS decision.⁵ Ofgem endorsed the CCDG's recommendation in October 2021.⁶

The modification proposal

Further to the CCDG's recommendation, the Modification seeks to amend section S8 of the BSC to mandate that all NHH UMS are HH settled via a Change of Management Class (CoMC) process. The date by which this must happen, referred to as the UMS Mandate Go-Live Date, is tied to milestone M11 of the MHHS Transition Timetable (currently October 2024, though this timing is subject to the MHHS Replan being carried out by the MHHS Programme). Under the proposal, any new UMS MSIDs must be directly registered into the HH settlement process from 12 months before the UMS Mandate Go-Live Date.

The modification obliges BSC parties to cooperate in the CoMC process and in a centrally coordinated data cleanse operation. Although data cleansing and migration activity can start at any time, the coordinated data cleanse activity window will commence no later than 18 months before the UMS Mandate Go-Live Date. NHH UMS can have up to four MSIDs but only one MSID can be taken across to HH and into the MHHS Target Operating Model. UMS Operators (UMSOs) will need to work with suppliers to cleanse erroneous or non-existent NHH UMS MSIDs and to complete the data cleanse template provided by Elexon to facilitate the data cleanse activities.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ [CCDG Recommendations on the Transition to MHHS](#), September 2021.

⁴ An Unmetered Supply is any electronic equipment that draws a current and is connected to the Distribution Network without a meter recording its energy consumption. Unmetered Supplies exist in the HH and NHH Supplier Volume Allocation markets. UMS are typically for equipment such as streetlights and traffic lights.

⁵ [MHHS Decision](#), April 2021.

⁶ [Ofgem response to the CCDG recommendations on the transition approach for MHHS](#), October 2021.

Once the data cleanse is complete, suppliers - in conjunction with UMSOs, Meter Administrators and Half-Hourly Data Collectors - will migrate their portfolios of NHH UMS MSIDs to HH via the amended CoMC process. This activity will be monitored by Elexon. However, Elexon does not expect to be requesting or managing data cleanse or CoMC plans from parties.

Consistent with the views of the CCDG, the proposer considers that if the CoMC of NHH UMS MSIDs is not done before the M11 milestone, it will significantly increase the risk that there will be insufficient time for customers, suppliers and UMSOs to address any issues that may arise during the transition to the MHHS TOM. We note that Elexon intends to set up an Implementation Working Group for interested parties to facilitate implementation and resolve any operational issues. It is proposed that these meetings will be held every four to six weeks and run from when P434 is implemented until the UMS Mandate Go-Live Date.

The proposer of the modification noted in the Final Modification Report of 16 November 2022 that the HH calculation for UMS MSIDs will model the behaviour of each piece of inventory data provided by the customer (for example, if a street light is dimmed or switched off for a period during the night, the energy calculation will reflect that behaviour). Thus, the calculation will better reflect the energy consumed within a Settlement Period.

In the current NHH calculation, by contrast, Estimated Annual Consumptions are calculated across a customer's inventory. This is then applied to a static profile based on Profile Class 1 (the domestic profile) or Profile Class 8 (the flattest non-domestic profile), which do not reflect the consumption pattern of actual UMS. The NHH calculation does not take account of the fact that days are longer in summer or shorter in winter, whereas the HH calculation will use actual sunrise and sunset times or derive them from the Astronomical Almanac. Thus, the proposer stated that P434 will therefore result in more accurate and equitable settlement as well as reducing MHHS delivery risks.

BSC Panel⁷ recommendation

At the BSC Panel meeting on 10 November 2022, the Panel agreed unanimously that P434 better facilitates Applicable BSC Objective (c) and by majority agreed that it better facilitates Applicable BSC Objective (d). The Panel therefore recommended unanimously that P434 should be approved.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report. We have also considered the responses to the industry consultations, including their views on the proposed legal text. On that basis, we have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC;⁸ and

⁷ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

⁸ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

- directing that the modification be made is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We consider that this modification proposal will better facilitate BSC objectives (c) and (d) and that it has a neutral impact on the other Applicable BSC Objectives.

(c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

This modification is part of the industry's implementation of our MHHS decision. We have already set out, in our MHHS decision¹⁰, the significant benefits that we expect for energy consumers and wider society as a result of the increased competition that MHHS will bring. The modification will promote and bring forward the smooth transition of NHH UMS MSIDs to HH settlement. It will therefore deliver earlier MHHS benefits realisation for Unmetered Supplies. The Panel agreed that P434 will promote effective competition in the generation and supply of electricity because the HH settlement data will be more accurate and granular, which will enable more accurate purchasing thus in turn promoting innovation and competition. The Authority agrees with the Panel's conclusion.

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

We note that a small minority of consultation respondents and one Panel member believed that UMS NHH MSIDs should transition to HHS as part of the overall MHHS Programme. That Panel member said there should not be two governance streams for MHHS migration and that it would be more efficient to implement it via the MHHS Programme instead. The Panel member consequently concluded that P434 did not better facilitate BSC objective (d). Nevertheless, the Panel member voted to recommend approval of P434.

During the progression of P434, the MHHS Programme reiterated that the CCDG had recommended such a modification in order to reduce UMS transition risk under MHHS. The early implementation was intended to allow time for a data cleanse and for suppliers to contact their customers to make them aware of the changes that will arise once they move to HH settlement. Thus the transition of UMS would happen before the time-pressured activity of the wider MHHS migration.¹¹ A majority of the respondents to the P434 consultation, and the majority of the Panel, agreed that the modification reduces the risks associated with the transition to the MHHS TOM and that early migration will allow parties to address any risks or issues that may arise. We agree with the majority position.

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

¹⁰ [MHHS Decision](#), April 2021.

¹¹ We note, in this context, that the MHHS Transition Timetable assumes that all UMS will be HH settled by M11. No time is allowed after that point to conduct a data cleanse and resolve associated issues.

The Authority further notes that this modification will increase settlement accuracy. The HH settlement of UMS will be more accurate, efficient and robust than the NHH processes which currently require Material Error Monitoring processes to be undertaken on a regular basis. P434 will therefore result in more efficient and effective processing of UMS data for settlement whilst reducing MHHS delivery risks for relevant MHHS Participants. As such, the Authority considers that the modification better facilitates BSC objective (d).

Decision notice

In accordance with Standard Condition C3 of the Transmission Licence, the Authority hereby directs that modification proposal BSC P434: 'Mandate to Half-Hourly Settle the Non-Half Hourly Unmetered Supplies Metering Systems' be made.



Rachel Clark
Deputy Director Retail

Signed on behalf of the Authority and authorised for that purpose