

# COVID-19 - ADDITIONAL TEMPORARY DEROGATIONS RECOMMENDATIONS

<b>MEETING NAME</b>	Performance Assurance Board
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<b>Paper number</b>	PAB231/06
<b>Owner/author</b>	Oliver Meggitt, Jon Spence and Anna Millar
<b>Purpose of paper</b>	For Decision
<b>Classification</b>	Public
<b>Summary</b>	Performance Assurance Board is invited to agree additional temporary derogations to improve Settlement efficiency and accuracy whilst COVID-19 restrictions are in place and to facilitate smooth exit from period(s) of lockdown.

## 1. Background

- 1.1 On Friday 3 April 2020, the Performance Assurance Board (PAB) approved temporary derogations to NHHDCs and HHDCs from the following requirements following an ex-committee paper:
  - The requirement (in BSCP502 Appendix 4.2 and 4.12) that HHDCs can only estimate data for Import Metering Systems using an EAC provided by the Supplier if other estimation methods higher in the order of precedence are unavailable;
  - The requirement (in Annex S-2 and BSCP504 4.12.1.3) that an NHHDC cannot use an EAC provided on a D0052 in preference to a calculated EAC; and
  - The requirement that a Deemed Meter Advance may only be calculated in the circumstances specified in BSCP504 4.5.2(a)–(p)
- 1.2 The derogations were required to address the fact that, during the lockdown period, sites which were estimating were not reflecting reductions in their customers' demand resulting from movement restrictions imposed by the Government's coronavirus regulations.
- 1.3 The derogations are now in place and ELEXON has outlined in the Risk Report (PAB231/02) the processes we are using to monitor the accuracy of the lockdown estimates that have been introduced and action we plan to take when required.
- 1.4 ELEXON reconvened the COVID-19 Expert Group on Thursday 23 April in order to discuss:
  - Changes to the previous COVID-19 estimation Guidance Notes and any additional derogations required to enable Settlement to be as accurate as possible when the current restrictions end;
  - The process for end-dating the temporary derogations to the BSC provisions;
  - What happens if there are subsequent lockdowns and whether there is a process needed to re-enact the revised EAC arrangements;
  - Potential amendments required to the management of the Long Term Vacant (LTV) process as a result of the access restrictions imposed by the management of COVID-19; and
  - Potential amendments required to the obligations for, and prioritisation of, site inspections.
- 1.5 As a result of the discussions, ELEXON now recommends:
  - a) the two published derogations are extended

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b) further derogations are applied by the PAB to manage the exit from the lockdown smoothly, and

c) prepare for any further potential periods of lockdown now so we are adequately prepared for the future.

- 1.6 ELEXON also recommends that there is some flexibility in the BSC Audit scope and work papers for the 2020/2021 audit period to allow for the fact that some actions required by Suppliers, for example in the LTV process, may not have been possible during the lockdown.

## 2. Process for derogating Suppliers and Supplier Agents

- 2.1 ELEXON recommends that the same derogation process is applied to the additional recommendations set out below, as applied to the derogations that were approved on Friday 3 April 2020:

- 2.2 Section J3.9 of the BSC gives the Panel broad powers (delegated in practice to PAB) to relieve Supplier Agents of their usual obligations to comply with BSC and BSCP obligations. We have received legal advice that these powers have been broadly drafted, and that a J3.9 derogation is therefore an appropriate mechanism for PAB to allow Supplier Agents to vary their estimation processes.

## 3. Non Half Hourly (NHH) Considerations

### Managing NHH estimation at the end of the lockdown period

- 3.1 Without a process to revert to the pre-lockdown EAC value, any reduced EACs will continue to be used in Settlement and will be used in the calculation of a forward looking EAC when a reading is next processed.
- 3.2 An EAC for a non-domestic site that has been adjusted to reflect reduced demand during the lockdown, is likely to under-estimate demand once restrictions are lifted. On the other hand, reverting to the pre-lockdown EAC value may over-estimate demand if a non-domestic site is operating at a reduced level due to continuing distancing measures. The reduced EAC will continue to influence subsequent EAC values, even after the Meter has been read, depending on the length of the Meter Advance Period. The opposite is likely to be the case for domestic sites.
- 3.3 The expert group decided in order to address that, the NHH COVID-19 guidance (Appendix A) should be updated (with approval from the PAB) to state that once there are government notification(s) that restrictions are lifted nationally, regionally or for a sector, the PAB will consider the situation and, where appropriate, inform Suppliers that they should enact the advice in the Guidance Notes. This instructs Suppliers to send their NHHDCs an instruction to apply the pre-restriction EAC from the date the restrictions are lifted until an actual read is obtained and processed.
- 3.4 However, the expert group also agreed that Suppliers should have the opportunity to instruct agents to keep the lockdown EAC in place if they have evidence that a site has not resumed operation or to put in place an EAC that reflects partial operation. For all estimation adjustments Suppliers must keep a full audit trail of all actions taken and rationale. In both cases, Suppliers should notify DCs that they are undertaking the actions allowed within ELEXON's COVID-19 Guidance Note so that the position is clear to all Parties in addition to the MSID level information (such as a D0052 - Affirmation of Metering System Settlement Details).
- 3.5 The expert group considered that there may be future periods of restrictions imposed once the current lockdown period had ended. The group agreed that it would be sensible for the Guidance Note to be updated to enable Suppliers to use the same processes as have been used during this period to amend EACs when necessary. It was also agreed that Suppliers and agents should have three months following notification of any start and end to lockdowns to appropriately update and process the required EACs.
- 3.6 Consequently, an extension to the derogation for the following requirements is recommended:

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- a) The requirement (in Annex S-2 and BSCP504 4.12.1.3) that an NHHDC cannot use an EAC provided on a D0052 in preference to a calculated EAC; and
- b) The requirement that a Deemed Meter Advance may only be calculated in the circumstances specified in BSCP504 4.5.2(a)–(p)

Following a notification from the PAB this would enable DCs, upon instruction by Suppliers, to amend EACs once this lockdown period has ended and to amend EACs when entering and exiting further period(s) of restriction (whether national, regional or sector based) in future.

- 3.7 The expert group noted that ELEXON and the PAB would continue monitoring the adjustment of EACs as appropriate during and after any periods of lockdown.

## **Managing Issues with the LTV Process**

- 3.8 The ability to enter and remain within the LTV process is currently dependent on site visits.
- 3.9 BSCP504 4.15.3 states that to remain in the LTV process that, among other conditions:
  - The Supplier must receive a D0004 (Notification of Failure to Obtain Meter Read) from the NHHDC with the J0024 (Site Visit Check Code) data item populated with the 02 (Site Not Occupied) code at least once every 215 calendar days for the Metering System; and
  - At least once every 215 calendar days, the Supplier must make further proactive attempts to identify the owner of the property in order to obtain a Meter Reading or, if the owner is known, then the Supplier must continue to attempt to contact them to arrange a Meter Reading. Auditable records must be kept for all attempts to obtain a Meter Reading.
- 3.10 There is a concern that, whilst the access restrictions remain in place, Suppliers will be unable to meet these conditions, despite sites remaining LTV.
- 3.11 Following discussions with the expert group it was agreed that, because this was an obligation on the Supplier and because Supplier Agents can act upon instructions by Suppliers to enter sites into the LTV process without further evidence, a derogation would not be appropriate. Instead, this could be addressed by the application of a pragmatic approach during the BSC Audit for the 2020/2021 (and for any further future periods of lockdown) to reflect that the days during the lockdown period and for three months subsequently (when the industry is catching up with site visit work) should not be counted towards the 215 day LTV limit.
- 3.12 A Guidance Note (Appendix C) has been prepared to reflect this position and comment from the PAB on the guidance is welcomed.
- 3.13 A member of the expert group noted that there are likely to be other issues as a result of the lockdown which require special consideration in the approach to the BSC Audit which ELEXON will consider. ELEXON welcomes views from the committee on any particular areas of concern for the BSC Audit.

## **4. Half Hourly (HH) Considerations**

- 4.1 On 3 April 2020, the PAB agreed a derogation so that, when a Supplier has evidence that the consumption of a site has changed as a result of the restrictions, they should provide their HHDC with an EAC that reflects this, and the HHDC should use this EAC for estimation.
- 4.2 This is a derogation to the usual order of precedence for estimation techniques in sections 4.2 and 4.12 of BSCP502. Normally, these rules would require an HHDC to use actual data in preference to an EAC (even if the actual data predated the restrictions and was therefore inaccurate).

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- 4.3 On 23 April 2020, the expert group noted that the EACs submitted for use during the lockdown period will require updating once restrictions are lifted (unless sites remain closed or partially operational and the Supplier obtains evidence of this).
- 4.4 The group concluded that the Guidance Note (Appendix B) should be updated to state that, once there are governments notification(s) that restrictions are lifted nationally, regionally or for a sector, the PAB will consider the situation and, where appropriate, inform Suppliers that they should submit updated EACs (by submitting a D0289 - Notification of MC/EAC/PC, or by other means) to their HHDC. This will ensure that, if an EAC is required, it should be representative of the actual level of consumption at the time.
- 4.5 The group also concluded that, as it will take time for all sites without remote communications to be visited, the requirement to use the EAC in precedence to actual data should remain in place for sites that did not have actual data available during or just after the lockdown period.
- 4.6 The expert group noted that, for sites resuming operation which did not have remote or manual readings available for Settlement, actual data collected prior to the lockdown period may be helpful to use for the estimation process. It was therefore agreed that ELEXON should recommend an adjustment to the derogation to allow actual data from the period prior to the lockdown to be used in preference to data collected during the lockdown period, if required.
- 4.7 Suppliers should inform the HHDCs that they are undertaking the actions allowed within ELEXON's COVID-19 Guidance Note so that the position is clear to all Parties in addition to the MSID level information flows.
- 4.8 The expert group considered the potential situation in which the current lockdown ended but future restrictions were then imposed at a later date and agreed that the Guidance Note should be updated to enable the Suppliers to reuse the derogations agreed during any future lockdown and as part of the exit process of future lockdowns, if required.
- 4.9 The group noted that ELEXON and the PAB would continue monitoring adjusted estimation as appropriate during and after any periods of lockdown and agreed that ELEXON may request HHDCs provide a list of sites that still have derogated estimation applied at regular times after the lockdown period(s) has ended. This will enable ELEXON to request further evidence from Suppliers and to ensure actual reads are obtained wherever possible.
- 4.10 ELEXON notes that estimation for Reactive Energy is also set out in sections 4.2 and 4.12 of BSCP502 which states that the Default EAC should be used to estimate. The Default EAC is likely to be inaccurate during the lockdown and for sites partially operating when the lockdown ends and therefore a Supplier EAC may be used to estimate Reactive Energy to manage COVID-19 estimation with Suppliers keeping a full audit trail of how appropriate EAC was calculated with agents and communicated to the agents.
- 4.11 The group recognised that it may not be possible to carry out site inspections (in accordance with BSCP502 3.4.1.3 and BSCP504 3.4.1.1 footnote 99 on an annual basis for de-energised sites which do not have remote communications functioning and in accordance with BSCP502 4.1.8 annually for Measurement Class C polyphase Metering Systems and at least on a two yearly basis for single phase Metering Systems) during period(s) of lockdown. It also recognised that, following restrictions being lifted or eased (whether nationally, by business sector or geographical region), the priority for field staff is will be to obtain meter readings and perform meter fault investigations.
- 4.12 Consequently, ELEXON recommends that the PAB approves a derogation to the DC requirement to undertake these site visits during this and any subsequent periods of lockdown and for a period of three months after the ending of a period of restrictions (nationally, regionally or by sector) notified by the PAB. A Guidance Note (Appendix D) has been prepared to reflect this position and comment from the committee on the guidance is welcomed.

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4.13 Whilst not requiring a derogation, the expert group agreed that the HH Estimation Guidance Note should recommend that HHDCs must keep a record of the lockdown period and reference this as they do weekends and public holidays when considering the right consumption for estimation in future. Similarly, the group agreed that there will be a limited resource to get reads and it will be important that Suppliers and agents plan an approach for prioritising obtaining manual reads and fixing Meters. The group concluded that the need for Suppliers and agents to plan and prioritise together should be included in the guidance along with some suggestions of points to consider.

## 5. Recommendations

5.1 We invite you to:

- a) **NOTE** the contents of the paper.
- b) **AGREE** (in accordance with BSC Section J3.9 and BSCP537) that these obligations on DCs can be varied temporarily in accordance with the guidance
  - i) The requirement (in Annex S-2 and BSCP504 4.12.1.3) that a NHHDC cannot use an EAC provided on a D0052 in preference to a calculated EAC;
  - ii) The requirement that a Deemed Meter Advance may only be calculated in the circumstances specified in BSCP504 4.5.2(a)–(p)
  - iii) The requirement (in BSCP502 Appendix 4.2 and 4.12) that HHDCs can only estimate data for Import Metering Systems using an EAC provided by the Supplier if other estimation methods higher in the order of precedence are unavailable and to be able to use actual data from before the lockdown period in precedence of that during the lockdown period if it will better reflect consumption;
  - iv) The requirement (in BSCP502 Appendix 4.2 and 4.12) can only use a Default EAC to estimate Reactive Energy; and
  - v) The requirement in BSCP502 3.4.1.3, BSCP502 4.1.8 and BSCP504 3.4.1.1 footnote 99 to undertake site visit inspections.
- c) **NOTE** that the guidance requires that Qualified Data Collectors only use these derogations when so requested by the Supplier, and that Suppliers retain evidence of the appropriateness of the instruction.

## Attachments

Attachment A – COVID-19 Demand Change – Non Half Hourly (NHH) Estimation Guidance

Attachment B – COVID-19 Demand Change – Half Hourly (HH) Estimation Guidance

Attachment C - COVID-19– Long Term Vacant (LTV) Guidance

Attachment D - COVID-19– Site Inspection Visit Guidance

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