GUIDANCE NOTE – NON HALF HOURLY (NHH) ESTIMATION DURING COVID-19

GUIDANCE EFFECTIVE 21 MARCH 2020-31 DECEMBER 2020

ELEXON has been contacted by a number of electricity Suppliers in the NHH market, raising concerns about the level of costs that they are seeing through Settlement for sites, which have suddenly reduced consumption. This is because it has become harder to obtain Meter Reads where businesses or premises are shut, but the Estimated Annual Consumption (EAC) of the site was created based on historical consumption values. Suppliers also noted that NHH residential customers would be using more energy, and at different times, where businesses are closed or staff working from home.

ELEXON convened a group of industry experts, including NHH Suppliers and Supplier Agents, who met on 1 April 2020, to discuss this issue and provide guidance to the industry. The group discussed numerous options and concluded that the following approach was the best available to Suppliers wishing to ensure estimation is as accurate as possible. The group met again on 23 April to discuss approaches that could be taken for when businesses re-open and consumption returns to more 'normal' levels. We would encourage Suppliers to take heed of this advice and engage proactively with their Supplier Agents to put the actions suggested in place, as Settlement inaccuracy could result in financial impacts to both Suppliers and, where there are shared billing and Settlement systems, end customers. The approaches have also been discussed and agreed by the Performance Assurance Board (PAB), which would also encourage Suppliers and Supplier Agents to follow the guidance below.

As Government lockdown restrictions are being relaxed the expert group reconvened on 28 July to agree a proposed timetable for ending the COVID-19 lockdown derogations. The PAB agreed the findings of the expert group and these have been reflected in this guidance.

This guidance note is primarily aimed at addressing estimation for NHH non-domestic customers whose load may have reduced. The estimation of NHH domestic customers may also need to be adjusted, but due to the number of customers this may not be practical to do at this stage. Suppliers should discuss with their Supplier Agents whether changes to NHH domestic customers should occur and can be managed at this time. We would encourage Suppliers to obtain readings from all customers (for example through customer own reads) at this time to provide further accuracy to Settlement – which is preferable to revising EACs manually.

Approach for when sites are shut down or have a reduction in consumption

1. Revision of EACs

Suppliers should work with their Supplier Agents to identify sites which have shut down or had a significant change in consumption. Suppliers may instruct their Non Half-Hourly Data Collectors (NHHDCs) to revise the EAC for a site in line with this knowledge, to reflect changes in consumption. This revision should take into account any relevant historical evidence that may be available. It may not be appropriate to use an EAC of zero; even closed premises may consume some electricity (for example, fridges remain on, emergency lighting or alarm systems, etc.). This should be done through sending either a D0052, or another method mutually agreed between the Supplier and NHHDC (such as a sending spreadsheet of multiple sites). The use of Supplier-provided EACs in this way is not permitted by BSC Annex S-2 and BSCP504 section 4.12.1.3, which require a calculated EAC to be used in preference to a Supplier-provided EAC. However, in this case it should be done to provide greater Settlement accuracy.

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2. Deemed Meter Advance

Suppliers should agree with their NHHDC that the NHHDC deems a meter advance at the point the shutdown of each site commenced i.e. the effective date of the Supplier's revised EAC (using the process outlined in BSCP504, paragraph 4.5.3). This will ensure that, once a Meter Reading is taken for a site, energy will be better allocated to the periods before and after the shutdown of that site.

The guidance above is effective from the date of publication. Actions may be taken to 'back date' EACs to 21 March 2020 (or 24 March 2020, depending on the nature of the customer's business), in line with the government initial directive to close certain businesses. The PAB will confirm any further shut down dates following any further restrictions put in place by the Governments of Great Britain.

Approach for when sites re-open or consumption increases or returns to 'pre-shut down' levels

1. Revision of EACs

At the conclusion of the shutdown of a site, Suppliers should obtain a meter reading as quickly as possible (either through a customer read or a field visit), using this to update the previously used EAC in line with normal procedures. A new forward-looking EAC may then be created, using data of consumption from before the shutdown occurred.

At the point when a site could be expected to increase consumption due an easing of Government restrictions, the Supplier should take one of the following approaches:

i) Identify that the site continues to remain closed. In this situation, the revised EAC may continue to be applied and the Supplier should communicate this with their NHHDC; or

ii) Identify that the site has now re-opened. In this situation, the Supplier should send updated EACs to their NHHDC. These EACs should return consumption to the pre-shut down position, unless the Supplier has obtained evidence of a different consumption level (for example, a business may begin operating again but with reduced hours than before). The Supplier should do this through sending either a D0052, or another method mutually agreed between the Supplier and NHHDC (such as a sending spreadsheet of multiple sites).

If a site voluntarily closed, and therefore does not require any easing of Government restrictions to allow it to recommence operations, the Supplier should identify the point when that site re-opens and then follow approach (ii) above. In all cases, the Supplier must maintain an auditable trail of evidence to demonstrate why the chosen EAC was used and arrived at.

At the end of the lockdown period, the default expectation is that EACs return to those used prior to the lockdown. However, an EAC value between the lockdown EAC and the pre-lockdown EAC can be applied where there is evidence that activity has now started at the site post-lockdown but at significantly reduced levels.

The EAC used for the derogated period can remain in place if the Supplier has evidence that this is the most appropriate EAC at the time the derogation ends and in these circumstances there is no need to deem the read again (as set out in section 2 below). However, Suppliers should undertake every effort to obtain reads rather than leave these EACs in place and it is expected that this should only be required for a minimal number of sites. The Supplier should submit a list of such MSIDs including the MSID number, EAC and rationale for the derogated EAC remaining in place to ELEXON by the end of the derogated period.

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2. Deemed Meter Advance

At the conclusion of the shutdown for a site (whether a partial or full return to operation), the Supplier should instruct the NHHDC to Deem a further Meter Reading (for the date specified by the Supplier of the conclusion of the shutdown) using the updated EAC (if an Actual reading cannot be obtained). This will provide a more accurate forward looking consumption and confine the shutdown consumption to the appropriate period.

This guidance applies until 31 December 2020. On 1 October 2020 the PAB issued a~~from such a time as the PAB determines that access restrictions due to COVID-19 government(s) announcements have lifted and site visits should be able to be resumed, whether nationally, by business sector or geographical region. Following any PAB determination ELEXON will communicate dates to the Industry, giving~~ a three month notice period for EACs to be re-estimated by the Supplier (as outlined in (1) above), with the new EAC effective from the re-opening of the site. In the case of a future lockdown periods starting, the Supplier will have three months to re-estimate the EAC effective from the date which PAB advises. It is envisaged that there could be further lockdowns in the future, therefore in any subsequent instances the process will be re-applied. Suppliers will have three months from the start or end of a lockdown period to ensure that the EACs for that period are processed. If a further lockdown period begins before the three month period since the last has ended, Suppliers must still ensure that appropriate EACs are processed for the first lockdown period within three months of it starting and EACs for any resumed operation processed within three months of the end of the lockdown period (with the effective date of any EAC aligned with change in operations or consumption of the site) to ensure consumption is as accurate as possible. Where additional or supplementary guidance is required the PAB will make this clear and this document shall be updated and re-issued.

Change of Supplier (CoS) events will continue to occur and may happen at any time. Following a CoS, the 'new' Supplier may not be aware that the EAC previously applied was a revised one, which reflected either the consumption expected in lockdown or the reduced hours working at a site. The new Supplier should continue to use EACs provided to it with the Meter Read History (MRH), but should prioritise obtaining reads for sites which have undergone a CoS event during, or soon after the end of, the period of shut down for a site.

Prioritisation for obtaining Actual Meter Readings

When it is possible to perform site visits for sites which are Settling on an EAC, it is important that Suppliers, Data Collectors and Meter Operators plan an approach for prioritising the work, including both data collection and meter fault investigation/resolution. This approach could consider the following factors: volume of estimated energy; time since an actual reading was obtained and sites utilising a revised EAC. This list is not exhaustive nor in a defined order of prioritisation; parties should work together to determine how sites visits are approached. When attempting to get readings into Settlement it is important that Supplier Agents are mindful of all Parties across the industry, regardless of their size or portfolio.

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As Meter Advances which cover periods of the lockdown will be used in calculating new EACs, this could result in EACs that are not as reflective of post lockdown consumption. Obtaining actual reads as frequently as possible post lockdown is advised to mitigate this. This will mean that the post lockdown Meter Advances are used in the forward-looking EACs generated.

An audit trail of actions taken (for all the sections above) must be maintained, including information about the site, communication between the Supplier and Supplier Agents, and the operational or historical data if used.

As this is a deviation from the standard process, but one required to improve the accuracy of Settlement, ELEXON, the PAB and the BSC Auditor will not raise BSC Audit Issues against Parties who have followed the above derogations to the normal process. The PAB expects Parties to provide the evidence for the above actions to ELEXON or the BSC Auditor upon request at any time. As a minimum, this should include:

- For Suppliers: MSID, NHHDC MPID, previous EAC, new EAC, rationale or methodology of calculation of new EAC, effective from date of new EAC.
- For NHHDCs: MSID, Supplier MPID, previous EAC, new EAC, effective from date of new EAC.

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