RETAIL ENERGY CODE: METERING AND ASSURANCE

MEETING NAME	BSC Panel Meeting

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Purpose of paper	For Decision
Classification	Public
Summary	This paper provides the Panel with an update on aspects of the Retail Energy Code (REC) which will impact Metering and Assurance, and sets out related concerns which the Performance Assurance Board (PAB) has raised. It asks the Panel to escalate these concerns to Ofgem on the PAB's behalf.

1. Background

1.1 At its last meeting (30 July 2020), Elexon provided the PAB with an update on aspects of the Retail Energy Code (REC) relating to Performance Assurance, and on the proposed arrangements for Metering. Specifically, we highlighted our understanding of Ofgem's preferred position on metering obligations that are currently governed under the BSC, but are likely to be transferred to fall under REC governance as part of the Retail Code Consolidation Significant Code Review.

1.2 The PAB saw potential flaws around several aspects of the REC proposals, particularly in relation to the governance of Assurance and Metering, and asked Elexon to highlight the issue to the Panel, on its behalf, with a view to raising its concerns with Ofgem via the Panel.

2. Potential split of Metering obligations between the REC and the BSC

2.1 Our current assessment of the REC Meter Data Processes Schedule indicates that the most likely outcome based on direction of travel for the ongoing governance of metering obligations is as follows:

- BSCP 'process-based' obligations transferred into the REC
- Technical metering obligations (eg those specified by the Codes of Practice) remain under BSC governance

2.2 Some of these technical requirements and obligations act as controls for other BSC processes. Removing the more 'process-based' obligations from the BSC into the REC may result in a situation where the assurance responsibilities reside within the BSC, but for processes which no longer sit within the remit of the BSC, PAB or Panel. The BSC (or Panel/PAB) could also be trying to assure a control for a process that sits under the REC, or vice versa.

2.3 Should the process elements of these events be transferred to the REC, then a 'handoff' between codes would need to be created, where it presently does not exist. The creation of this 'handoff' would also introduce a break in an end to end process for several metering-related processes.

2.4 The PAB also noted that this split governance would introduce a greater risk of participants finding the cross-code nature of the arrangements even more complex and challenging to understand and engage with.

3. The split in practice: an example

3.1 An example of the potential split in practice can be illustrated using the scenario of a change of Meter Technical Details (MTDs).

3.2 In the Supplier Volume Allocation (SVA) Half Hourly (HH) segment of the market these MTDs take the form of the D0268 data flow. This dataflow is transferred by the Meter Operator Agent (MOA) to all relevant associated parties to a Metering System. The governance of MTDs is currently in scope to be transferred to the REC. However, the Settlement Risks associated with the timeliness-of-sending and quality of MTDs is monitored and managed by the PAB through the Performance Assurance Framework. The sending of MTDs (and so the associated risk of timeliness of sending MTDs) is in scope to be transferred to the REC. The quality of MTSs is linked to the quality and accuracy of physical aspects of Metering installation and configuration. This is currently assured under the BSC. This is an example of the potential for two separate codes to be attempting to assure the same process from different perspectives.

3.3 The exchange of MTDs is often triggered by a physical event that is in scope to remain under the BSC (for example a Change of Metering Equipment). Currently, the physical action of changing the Metering Equipment and the information which must be exchanged following this event is governed under BSCP514, a subsidiary document to the BSC. The technical requirements that the Metering Equipment must conform to are detailed in the CoPs; also governed under the BSC. The requirements for Commissioning the newly installed Metering Equipment (which in itself is a control under the BSC to ensure that the subsidiary document requirements have been met) is detailed in a CoP. In short, the end to end process is laid out under one governance framework for MOAs (and all other affected Parties/ Party Agents) so that they can easily follow and ensure compliance at all stages of a key event.

3.4 Should the process elements of these events be transferred to the REC then a 'handoff' between codes would be created; and by eliminating the information exchange process from the BSCPs, the end to end process is no longer encompassed within one code.

4. Assurance implications

4.1 The same example can be used to illustrate potential implications on assurance of the proposed split between 'process' and 'technical' obligations.

4.2 Under the current proposal, the physical action of changing the Metering Equipment would be governed under the BSC (by virtue of the conforming to the CoPs) whilst the information exchange directly related to (and triggered by) this physical action would be under the governance of another code. In addition to introducing complexity in assuring an end-to-end-process split between two codes, this also has the potential to cause duplication of effort where two codes have responsibility for assuring the same process, but from different points of view.

4.3 Continuing the MTD example, it is the case that 'back office' processes and technical actions act as triggers for each other. However, they can also be used to illustrate that the data flow aspect of metering information cannot be easily separated from the technical aspects. Indeed, the MTDs represent an auditable record of the physical aspects of Metering Equipment.

4.4 The content of MTDs is assured using the Technical Assurance of Metering (TAM) technique. The technique is deployed by the PAB to ensure that MTDs are correct and compliant, focusing on the technical elements of a Metering System. The majority of non-compliances identified through TAM audits relate to failure to comply with a CoP. As part of its audit the TAA compares the MTDs with the physical Metering System audited on site. By removing the MTDs from the BSC governance, this control and assurance would be lost, potentially introducing a risk to settlement accuracy.

4.5 Should MTD governance be moved under the REC, and should an audit be carried out by the REC on MTDs, then this could create a duplication of effort in auditing the same Metering System from different elements of an end to end process. To mitigate this, a joint audit may be warranted to ensure that the assurance of an end to end process is still able to be carried out. This in itself would pose governance difficulties.

5. Summary

5.1 Elexon and the PAB have identified potential flaws in the model that consolidates some metering agent processes within the REC and splits the process and technical elements of metering governance. Our understanding is that that rationale for the split was to harmonise with the gas industry. However, we believe there is a risk that the proposed split has the potential to create more issues than the benefits that harmonisation with gas may achieve.

5.2 In addition to introducing operational complexity and burden on parties, if processes are split without any consideration as to the provision of assurance, there is a risk that the processes are designed in a way which neither Code can assure in an effective or efficient manner. In addition, this would add a burden to industry parties and Agents, as well has introducing risks to the accuracy of data used for the purposes of settlement.

5.3 It is unclear under the current proposal how the detailed technical arrangements relating to certain aspects of metering would be governed.

5.4 During discussions with the PAB, the PAB was unclear on whether Meter Operator Agents (MOAs) would still need to qualify under BSC or under both Codes and questioned the PAB's role, if MOAs were qualified under REC, in monitoring and addressing MOA performance. This raised a more fundamental question on what these proposals mean for Supplier hub principle.

5.5 The PAB agreed with Elexon's assessment that Performance Assurance provision under the potential BSC/REC split has not been considered adequately, and that more consideration is needed by Ofgem of how the assurance arrangements are envisaged working in order to mitigate any potential implications that may adversely impact the accuracy of settlement data. Without defining the assurance arrangements at an early stage, there is a risk that the processes are designed in a way which neither Code can assure in a proportionate manner. The current proposal requires two Performance Assurance Boards (PABs). One PAB would be responsible for assuring performance against BSC requirements whilst the other would be responsible for performance against REC requirements. For the reasons already outlined in this document, these PABs cannot act exclusive of each other as the technical and process aspects of metering governance are intrinsically linked.

6. Recommendations

6.1 We invite you to:

a) **NOTE** the concerns raised in the Paper; and

b) **AGREE** that the Panel Chair writes to Ofgem on the Panel's behalf, relaying the concerns raised in this paper, particularly highlighting the potential for the proposals around metering under the REC to impact the accuracy of data used under the BSC for the purposes of settlement, and seeking clarity on the rationale for the split of metering obligations.

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