# SVG228/05 - OVER 100KW UNMETERED SUPPLIES

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| **MEETING NAME** | Supplier Volume Allocation Group |
| **Date of meeting** | 4 February 2020 |
| **Paper number** | 228/05 |
| **Owner/author** | Kevin Spencer |
| **Purpose of paper** | Decision |
| **Classification** | Public |
| **Summary** | The UMSUG has recommend to the Supplier Volume Allocation Group that Suppliers should identify and settle Unmetered Supplies (UMS) with a demand greater the 100 kW on a Half Hourly (HH) basis by 1 April 2020. |

## 1. What is this paper asking?

1.1 The BSC includes a requirement that all 100kW Metering Systems are traded on a HH basis.

1.2 A recent review, triggered by the work towards Market-wide Half Hourly Settlement (MHHS), has identified that the definition of 100 kilowatt (kW) Metering Systems also includes Unmetered Supplies where the Licensed Distribution System Operator (LDSO) has agreed that the maximum demand is greater than 100kW.

1.3 The Unmetered Supplies Operator (UMSO), as the LDSO's party agent, in carrying out its role defined in BSCP520 'Unmetered Supplies Registered in SMRS' (BSCP520) is responsible for agreeing the inventory of unmetered equipment with the customer and calculating the Estimated Annual Consumption (EAC). In calculating the EAC it will also identify, through a simple calculation, inventories (Metering Systems) having a maximum demand that exceeds the 100kW threshold.

1.4 This paper seeks to ensure that Unmetered Supplies that meet the definition of 'Over 100 kW' are settled on a Half Hourly (HH) basis by Suppliers.

## 2. What is the scale of the issue?

2.1 The review has identified that around 130 unmetered MSIDs being traded on a Non Half Hourly (NHH) basis have a Maximum Demand (MD) of over 100kW. The largest has a maximum demand of around 5,000kW. Attachment A shows a frequency distribution identifying that these MSIDs account for about 420,650MWh per year in Settlements. These 130 MSIDs are only 0.4% of all of the NHH unmetered MSIDs, but between them account for about two thirds of the NHH unmetered energy. These 130 unmetered MSIDs have disproportionately large energy consumptions for accurate profiling in Settlements. They result in a misallocated Settlement volumes through the NHH profile that would be largely corrected under HH Settlement, and in addition consequential erroneous related energy for Distribution Use of System (DUoS) charges.

## 3. UMSUG discussion

3.1 The Unmetered Supplies Users Group (UMSUG) discussed the issue identified and noted that the DUoS charging statements require that unmetered supplies only change from NHH to HH on 1 April in any year. Some UMSUG members felt that although some Metering Systems could be moved by 1 April 2020, time was too short to have the appropriate conversations with UMS customers to move all of them this year. Three members felt the backstop date should be 1 April 2021. Three members felt some MSIDs could be moved before 1 April 2020 and two members thought the 1 April 2020 date was achievable. As such the overall recommendation was that the Metering Systems should be moved to HH Settlement with a backstop date of 1 April 2021.

3.2 The UMSOs also noted that some customers may choose to split their inventories to get below the 100kW Threshold and some may be unwilling to engage with a Meter Administrator.

3.3 It was noted that some MSIDs are Highways England equipment and would be moving anyway and some were LDSOs own supplies.

## 4. Further Clarification

4.1 To assist with the migration to HH, the UMSUG agreed that the following clarification should be provided to stakeholders:

- Any existing unmetered supply 100kW Metering Systems currently trading half hourly must not change to non-half hourly trading;
- The UMSO is responsible for determining whether the customer's inventory of equipment breaches the 100kW threshold. In making this determination the calculation of the maximum demand must be for the whole inventory. Where an inventory has more than one NHH MSID to allow for continuous, dusk-dawn, dawn-dusk and part night profiles, the maximum demand for each MSID should be calculated and added together to determine whether it exceeds the 100kW threshold; and
- UMSOs should inform Suppliers which Metering Systems require a Change of Measurement Class.

## 5. Market-wide Half Hourly Settlement

5.1 The move towards HH settlement is aligned with the current Ofgem Significant Code Review on Settlement Reform which looks to move all MSIDs towards HH Settlement.

## 6. Performance Assurance: SVA Risk 11 - Unmetered Supplies

6.1 SVA Risk 11 is one of the top 5 Settlement Risks with a materiality of circa £17M to £30M. Moving the 100kW MSIDs will reduce the risk materiality for Risk 11 by ensuring a HH consumption flow is provided by the Meter Administrator into Settlement. This is because it removes the risk of different EACs being held by the UMSO and NHH Data Aggregator (NHHDA).

## 7. SVG and PAB Monitoring

7.1 It is recommended that Suppliers and UMSOs identify all the over 100kW unmetered supplies and put in place an action plan to migrate those supplies to HH Settlement by 1 April 2021, ensuring compliance with the BSC by that date.

7.2 It is also recommended the SVG and the Performance Assurance Board (PAB) are kept informed of progress. Where progress is insufficient then further steps can be taken under the Performance Assurance Framework (PAF) to ensure compliance with the BSC.

## 8. Recommendations

8.1 We invite you to:

a) **NOTE** the 100kW Metering systems currently settled under the NHH arrangements;

b) **AGREE** that Suppliers and UMSOs identify all the over 100kW unmetered supplies and put in place an action plan to migrate those supplies to half hourly settlement with a backstop of April 2021; and

c) **AGREE** that the SVG and the PAB are kept informed on progress on this issue.

## Attachments

Attachment A – NHH UMS Frequency Distribution

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