

CONVERSION OF EXISTING METERED OPENREACH CABINETS TO UNMETERED

Supplier Volume Allocation Group (SVG)

Date of meeting	01 December 2020	Paper number	238/03
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Classification	Public	Document version	V1.0
Summary	This paper provides an update from Elexon's Legal team to the Supplier Volume Allocation Group (SVG) on BT's request to reverse a previous SVG ruling that states existing Openreach metered cabinets must remain metered.		

1. Background

- 1.1 At the June 2020 Unmetered Supplies User Group (UMSUG) meeting (UMSUG128), Elexon raised that a Supplier had queried whether existing metered Openreach cabinets can be converted to unmetered. The UMSUG noted that during the December 2014 Supplier Volume Allocation Group (SVG) meeting (SVG166/03), the SVG approved 45 Charge Codes for Openreach cabinets, on the condition that existing metered cabinets would remain metered.
- 1.2 The UMSUG suggested that BT prepare a paper for the September 2020 UMSUG meeting, to provide their rationale for why the previous SVG ruling should be reversed.
- 1.3 At the September 2020 UMSUG meeting, BT presented a confidential paper which outlined their rationale for why the previous SVG decision should be reversed. The paper also outlined the potential benefits to Settlement in converting the metered cabinets to unmetered.
- 1.4 To summarise, some of the key points were:
 - BT believe that Settlement accuracy would improve due to currently metered cabinets being assigned to Profile Class 3, which has an inaccurate load profile;
 - The UMSUG recently approved a revised component-level Charge Code calculation approach, which means the UMSUG are satisfied with the accuracy of the energy calculations;
 - Openreach maintain an asset database that makes updates to inventories when changes to installations are made; and
 - Moving to unmetered would reduce industry wide administration associated with managing their MPANs.
- 1.5 A majority of the UMSUG were generally in favour of the conversion, and agreed by a majority of 12 out of 14 for Elexon to recommend to the SVG that existing metered Openreach cabinets can be converted to unmetered.
- 1.6 At the October 2020 SVG meeting (SVG236), Elexon presented a paper ([SVG236/09](#)), with BT also providing a similar presentation to the SVG. The SVG, Elexon and BT discussed the proposal. Attachment A (Confidential) provides a summary of this discussion.

- 1.7 At the end of the discussion, the SVG decided to defer their decision until Elexon had sought legal clarification had been sought to determine whether the conversion is allowed.

2. Elexon Legal Team's View

- 2.1 Elexon's legal team have reviewed the proposal and referenced it against a variety of related documents including:
- [BSCP520 – Unmetered Supplies Registered in SMRS](#),
 - [BSC Section S – Supplier Volume Allocation](#); and
 - [BEIS Guidance on Unmetered Supplies](#)
- 2.2 Elexon's legal view on this proposal is that, although the Openreach cabinets meet the requirements to be granted an Unmetered Connection, BSC Section S: 8.2.1. states that 'A Licensed Distribution System Operator shall determine in relation to supplies of electricity connected to its Distribution System(s) or its Associated Distribution System(s) (if any) whether a supply of electricity to a particular inventory of Apparatus is to be treated for the purposes of the Code as an Unmetered Supply provided that, if such supply is separately measured and recorded through a SVA Metering System at or near to the point of supply to the Customer, the Licensed Distribution System Operator shall not determine that such supply is an Unmetered Supply.' The Licensed Distributor System Operator (LDSO) is therefore restricted from treating a supply as unmetered where there is already a meter in place for that supply.
- 2.3 Although the legislation itself is silent on whether a metered supply can be converted to unmetered, the Code itself does not provide for any exceptions to Section 8.2.1. If the SVG wanted to progress and approve this conversion, there would be the risk that the SVG is not fully taking account of the BSC restriction in Section 8.2.1, if it approved this proposal.
- 2.4 Elexon would like to note that a Modification would need to be raised to remove this restriction. In doing so, this would ensure consistency for all parties pursuing similar metered to unmetered conversions.
- 2.5 Elexon would like to clarify that they would be supportive of the conversion, noting that aside from the aforementioned restriction in the BSC, there is no explicit provision in related legislation that states the Openreach cabinets cannot be converted.
- 2.6 In the SVG Terms of Reference (ToR) there is no inclusion under the section 'Specific Powers and Functions' of Unmetered Supplies applications as an example of 'Considering and determining applications that have been delegated to the Committee by the Panel'. Section B of the Code requires that in order for a decision of a Panel Committee to be binding on Parties and unable to be referred or appealed to the Panel it must be expressly delegated. The SVG ToR states that 'Any determination of the Committee made in respect of any matter under these Terms of Reference shall be final and binding on the Parties, and no such decision shall be capable of being referred to for the purposes of an appeal or otherwise to the Panel'. Elexon's legal team therefore doubt this provision in the ToR would stand in the absence of express delegation of the power in question, as required by the Code.

3. Recommendations

- 3.1 We invite the SVG to:
- a) **NOTE** the update from Elexon's Legal team; and
 - b) **NOTE** that a Modification to BSC Section S would be required to allow for a metered to unmetered conversion to take place.

Attachments

Attachment A – SVG236/09 Minutes (CONFIDENTIAL)

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