ELEXON

CONVERSION OF EXISTING METERED OPENREACH CABINETS TO UNMETERED

Supplier Volume Allocation Group (SVG)

Date of meeting	04 January 2021	Paper number	239/03
Owner/author	Adam Jessop	Purpose of paper	Information
Classification	Public	Document version	V1.0

Summary This paper provides an update from Elexon to the 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), in the AOB session, 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, as well as the potential benefits to Settlement in converting their 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 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 (<u>SVG236/09</u>), 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 clarification from its Legal team to determine whether or not the conversion is allowed.

2. Elexon View

- 2.1 Elexon's Legal team have considered the provisions on unmetered supplies in relation to BT's request and referenced a variety of related documents including:
- BSCP520 Unmetered Supplies Registered in SMRS;
- BSC Section S Supplier Volume Allocation;
- Electricity (Unmetered Supply) Regulations 2001 (the Regulations); and
- BEIS Guidance on Unmetered Supplies.
- 2.2 The Electricity Act 1989 (Schedule 7, paragraph 1) provides that all supply must be given through an appropriate meter, where a customer is to be charged by reference to the amount of electricity supplied. An Unmetered Supply may only be given in the specific, prescribed circumstances set out in the Regulations. The obligation is on the customer to demonstrate that an Unmetered Supply would be permitted.
- 2.3 The Regulations do not explicitly address the possibility of converting a supply from metered to unmetered. Of the four categories of circumstances set out in the Regulations, it appears only two would potentially allow for a conversion from metered to unmetered:
- Where the electrical load is less than 500W; and
- Where it is not practical for a supply of electricity to be given through an appropriate meter at the premises due to 'the anticipated metering costs in the particular case being significantly higher than the usual metering costs associated with that size of electrical load'. In the case of conversions, the higher costs would relate only to ongoing costs such as maintenance, monitoring and meter reads/inspections, as installation costs would not be relevant.
- 2.4 The remaining two categories explicitly refer to the practicalities of providing a meter, i.e. installation.
- 2.5 The BEIS Guidance does describe 'unmetered supply' as 'a supply of electricity to a particular piece of electrical equipment that draws a current and is connected to the distribution network without a meter (i.e. there is no meter recording the equipment's energy consumption)'. However, the Regulations themselves define 'unmetered supply' as 'a supply of electricity to premises which is given otherwise than through an appropriate meter', which would not explicitly prevent conversion from metered to unmetered.
- 2.6 The BSC Section S8.1.2 provides that a LDSO can determine 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'.
- 2.7 The BSC does not explicitly address conversion from metered to unmetered, but does restrict an LDSO from treating a supply as unmetered where the relevant supply is measured and recorded through a SVA Metering System. This could allow for conversion, provided the supply in question is not measured and recorded through the installed Metering System while determined to be treated as unmetered. The LDSO is also required to make its determination in accordance with the criteria for Unmetered Supply set out in the BSC, the CSDs and the Regulations. BSCP520 does accurately set out criteria as prescribed in the Regulations, and an unmetered supply is only to be permitted in accordance with the legislative criteria.
- 2.8 As noted, the BSC and the Regulations provide that it is for the relevant LDSO (in agreement with the Supplier and customer) to determine whether a supply can be treated as unmetered. While the LDSO in this case has the responsibility under the BSC for determining whether a particular supply should be unmetered for Code purposes, the SVG (along with the Panel and Elexon) does have an interest in ensuing the accurate and consistent interpretation of BSC/BSCP requirements for Unmetered Supply. The SVG should take into account the BSC and CSD requirements (as well as the broader legislative context where relevant) in relation to Unmetered Supplies in considering whether to approve new Switch Regimes and Charge Codes for Unmetered Supplies. Furthermore, the SVG's views are valued on this matter and will be made available to LDSOs through the minutes of this meeting, for use in any decision making.

3. Recommendations

- 3.1 We invite the SVG to:
 - a) **NOTE** the update from Elexon.

Attachments

For more information, please contact:

Adam Jessop, Product Analyst Adam.jessop@elexon.co.uk 020 7380 4371