Issue Report

Issue 85 'Removal of BSCP504 obligation on the NHHDC to visit de-energised sites once every 12 months.'

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About This Document

This document is the Issue 85 Group's Report to the Balancing and Settlement Code (BSC) Panel. ELEXON will table this report at the Panel's meeting on 13 February 2020.

There are two parts to this document:

- This is the main document. It provides details of the Issue Group's discussions and proposed solutions to the highlighted issue and contains details of the Workgroup's membership.
- Attachment A contains the Issue 85 Proposal Form

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1 Summary

Issue

There is an obligation in BSCP504 "Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS" on Non Half Hourly Data Collectors (NHHDCs) to visit de-energised sites annually (footnote 99).

Footnote 99 exists for the process whereby a NHHDC collects Meter register readings for designated Supplier Volume Allocation (SVA) Metering Systems either directly or via the Supplier, for which it must conduct a Site Visit.

The footnote 99 provision exists within the BSC to ensure that, where sites are registered as de-energised, they do not have any Meter advances, thus protecting the integrity of Settlement.

Under the Supplier License, in the case of energised sites, are explicitly required to gain a meter reading annually. Further, Suppliers are responsible for the activities of their agents in relation to Metering Systems.

In a scenario whereby the Supplier doesn't instruct the NHHDC to visit de-energised sites annually in line with BSCP504 provisions, the footnote 99 provision has the potential to cause NHHDC's to become non-compliant under BSCP504 provisions.

Conclusions

The Workgroup agreed the obligation for NHHDCs to visit de-energised sites should be placed on the Supplier of a Metering System instead of the NHHDC. The Workgroup further concluded that this obligation should be aligned in the Half Hourly Market.

The Workgroup therefore believes that a Change Proposal should be progressed to align BSCP502 "Half Hourly Data Collection for SVA Metering Systems Registered in SMRS" and BSCP504 with the findings of the Issue group.

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2 Background

Issue

Footnote 99 in BSCP504 "Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS" places an obligation on NHHDCs to visit de-energised sites annually and ensure that the SVA Metering Systems (MS) and the information provided are adequate.

During the BSC Audit 2018-2019, an issue was raised against the Proposer for not visiting 11 out of the 25 sample de-energised sites, this led them to being non-compliant to obligation 3.4.1.1 footnote 99 of BSCP504v43:

"Where a SVA MS is de-energised the NHHDC shall make visits to the site concerned every 12 months."

The obligation for regular site visits was removed from the Supplier Licence obligations in 2016 by Ofgem as the Authority, because other obligations, such as LC 21b.4 would prompt the Supplier to use a risk based approach to ensure that sites are visited regularly enough to avoid health and safety issues.

Originally this obligation only applied to sites where no remote communication was available. The specific reference was removed by CP1019 'Clarification of Pre-Payment Meter reading Obligations' in 2005. However, the Proposer contended that it's unclear whether this License Condition applies to de-energised sites.

The non-compliances were due to a lack of Data Retrieval contract in place with Suppliers.

The Proposer wished to remove the obligation from BSCP504 for two reasons:

- The obligation is solely put on the NHHDC with no matching obligation on the Supplier leaving party agents exposed to non-compliance.
- The ability of the NHHDC to comply with this obligation is greatly impaired by accessibility to de-energised sites, pointing to the fact that this obligation is not the best way to ensure data accuracy from de-energised sites

The Proposer outlined three solution that were discussed with the Workgroup:

- The removal of the obligation for NHHDCs (and any other Party) to visit De-energised sites on an annual basis from BSCP504; (The Proposer's preferred option).
- Clarifying the responsibility of the NHHDC visiting de-energised sites annually directly in BSCP504 table step 3.4.1.1; or
- The obligation for NHHDCs to visit de-energised sites to be placed instead on the Supplier of a Metering System.

De-Energised

De-Energised means the temporary removal of the supply at a Defined Metering Point (e.g. the main circuit connections to the Licenced Distribution System Operator's (LDSO) network are still made) such that all or part of the Metering Equipment is considered to be temporarily "inactive" for the purposes of Settlement. e.g. unoccupied premises where the incoming switchgear has been opened or the cut-out fuse(s) removed and any generation disconnected.

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If a Metering System has not been De-Energised, the volume of energy allocated to the Supplier will be calculated using the latest Estimated Annual Consumption (EAC). When the NHHDC gains access to the site and records a Meter reading, an Annualised Advance (AA) can be calculated which will reflect the true consumption on site.

However, in many cases NHHDCs are unable to gain access to unoccupied sites. Additionally, the EAC associated with the site is unlikely to be zero which is the most probable actual consumption value. This results in the energy volumes attributable to the Supplier in Settlement being overstated and inequitable.

This view is substantiated by the review of Annual Demand Ratios analysis undertaken by ELEXON, suggesting that there is an overstatement of energy at Metering System level. It is a fair conclusion that some long term vacant sites settled on non-zero EACs are contributing to the general over-accounting of energy.

Prepayment Meters can be placed in a shutdown mode by Meter Operator Agents (MOAs) when the site is considered to be vacant and not consuming energy but de-energising the Meter from source is not preferred. Shutting down a Meter involves opening a contact within the Meter to prevent the flow of energy through it to the premises. EACs are still submitted into Settlement for the site even though the consumption is zero.

Energisation as a Focus Risk

It is important the BSC data that is circulated is accurate and delivered within precise timeframes as the BSC Systems involve billions of pounds, hundreds of Gigawatt hours (GWh), and hundreds of market participants and other stakeholders.

The BSC contains a risk management framework to manage the protection of Trading Parties from unacceptable levels of risk, this is the Performance Assurance Framework, commonly known as the PAF.

The Performance Assurance Framework within ELEXON has objectives that help set out the risk appetite and at the end of the year, ELEXON report on the extent to which the priority risks have been mitigated. Through the Risk Evaluation Register ELEXON identified Risk 16 "Energisation Status" which is the energisation status held in the Supplier Meter Registration Service (SMRS) or by any party in the Supplier Hub does not match the physical energisation status of the SVA Metering System.

ELEXON outlined the controls in place in the Risk Evaluation Register to prevent sites being incorrectly labelled Energised and De Energised. The controls involve the following:

1. Failure to notify of energisation status / change to energisation status (e.g. notification from Licensed Distribution System Operator or Meter Operator Agent to Supplier hub, Supplier to Supplier Meter Registration Service and SMRS to Data Aggregator)

2. Incorrect notification of change to Energisation Status

3. Failure to process notification of the Energisation Status (e.g. LDSO logically disconnects erroneously, failure to process flows related to registration updates)

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Potential solutions

The Workgroup outlined four potential solutions to Issue 85. These were:

Option A – The removal of the obligation for NHHDCs (and any other BSC party) to visit de-energised sites on an annual basis from BSCP504 (This was the Proposer's preferred option). Option A would resolve the contractual challenges regarding access rights leading to non-compliance, and associated costs. However, it would mean that any Settlement errors would be smeared across NHH Suppliers.

Option B – Clarifying the responsibility of the NHHDC visiting de-energised sites annually directly in BSCP504 table step 3.4.1.1. This would create greater visibility of where responsibilities lie and would ensure appropriate checks are in place for Settlement accuracy. But, the question would still remain if the obligation should be on the NHHDC or another party to carry out the visit.

Option C – The obligation for NHHDCs to visit de-energised sites to be placed instead on the Supplier of a Metering System. Option C would ensure appropriate checks are in place for Settlement accuracy. However, this would create a misalignment between the HH process and the NHH process.

Option D – Leave the obligation as it is. This would ensure appropriate checks are in place for Settlement accuracy. But this would mean that the Settlement Risks remain unchanged and the opportunities to improve clarity are not realised.

Removal of the Obligation

Backdated Energisation Status Change

ELEXON provided the Workgroup with analysis that assessed the impact of removing the obligation in BSCP504.

The table below shows figures extracted from the total number of NHH sites (where the number is around 600k) which shows the backdated changes (De-energised to energised and Energised to De-energised) of Meter Point Administration Numbers (MPANs) broken down by years. The figures show that there has been a significant amount of status change which demonstrates the need for a control to be in place in order to monitor the amount of status change, further to this it shows the potential risk to Settlement from incorrect energisation status.

Period	D to E Backdated Change	E to D Backdated Change
2016/17	125,576	29,305
2017/18	187,032	40,485
2018/19	202,021	39,325
2019/20*	90,520 (181,000)	19,414 (38,800)

*Not a full year. Numbers represent April – October (Pro-rata to a year, rounded)

The next table shows how the EAC has changed as a result of the status of a site being updated. The years in which complete data is available show a 75-80% EAC received after update, therefore we expect 2018/19 and 2019 to reach similar figures. The analysis defines the significant update by looking at the increase within the percentage of the

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consumption change following the revised status, where the total volume will have a severe impact on the settlement.

PAOP	EAC rcvd after update	EAC rcvd before update	No EAC rcvd
2016/17	79.19%	2.26%	18.55%
2017/18	75.99%	1.86%	22.15%
2018/19*	66.86%	5.67%	27.47%
2019/20*	58.66%	9.35%	31.99%

* RF has not passed. There is time to retrieve data and produce D0019s. The Proportion of 'EACs received After Update' could still increase.

Impact for Backdated Period

ELEXON evaluated the impact of backdated changes utilising the EAC and Days Impacted by the Backdated Change. Please note these figures are from MPAS.

Period	Extrapolated Actual Resolved Error	Extrapolated Potential Resolved Error
2016/17	£19,172,865	£48,931,365
2017/18	£23,423,130	£51,586,731
2018/19*	£18,135,311 (£25,389,500)	£32,498,925 (£45,498,500)
2019/20*	£7,140,924 (£24,993,000)	£13,033,966 (£45,619,000)

*RF has not passed. There is time to retrieve data and produce D0019s. The Actual and Potential impact could still increase. (Pro-rata to a year, rounded)

This shows the value of the controls operated against De-Energised Metering Equipment, including the requirement to read De-Energised meters annually, the D0095 "Non Half Hourly Data Aggregation Exception Report" Process, and the D0139 "Confirmation or Rejection of Energised Status Change " Process.

Extrapolated Actual Resolved Error = EAC * Days in Error * System Price

Extrapolated Potential Resolved Error, if the error remains un-resolved for a year

= EAC * System Price

Representation of actual result error. If this control is not in place then table shows figures of potential cost this demonstrates that a control is necessary.

Metering System EAC/AA Data – D0019

10,000 DE MPANs were extracted from SMRS database as sample.

Out of a sample of 10,000 DE MPANs extracted from the SMRS database, ELEXON identified 443 MPANs which had a consumption even though their status was DE.

Taking into account these Consumption Volumes, the Total Volume of Electricity has been calculated as £46,595. (system price taken into account within the formula) (from the 443 meters)

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ELEXONs latest database information only covers around 55% of D0019 where it will be equal to 8% of total number of the DE sites. Data coverage from D0019 is only 55% (not full year) that is only 8% of total number DE sites

The sample shows a materiality of £2,760,000 however the extrapolated total market coverage could push this up to around £4,944,000.

# of DE Sites used for sampling	# of Discrete Sites which has Consumption	Volume of Electricity (£)
10,000	443	46,595

# of total DE Sites	# of Discrete Sites which has Consumption	Volume of Electricity (£)
600,000	26,640	2,760,000

This data shows that the materiality is significant and therefore supports the proposal that a control should remain in place, this view was supported by Workgroup members.

Accessing Sites

A common problem Workgroup members identified was difficulty in accessing sites. The Workgroup highlighted that sometimes there is no one around to let them onto site or the site is boarded up. However, there are no exemptions for not being able to access de-energised sites and instead they will automatically be considered non-compliant.

Further to this, the NHHDCs in the room were in agreement that they did not visit de-energised sites unless instructed to by their Supplier. For example, some Workgroup members noted that on occasions Suppliers will specify which sites not to go to. This has caused issues for the NHHDCs as under the BSC they are obliged to go, however they are not being instructed to do so by their Supplier.

Remote checking was discussed as a means of control for hard to access sites. Remote checking works in BSCP502 for HH Smart Meters and so Workgroup members considered if this could also be something that could be applied to De-energised sites. However, the Workgroup concluded that whilst remote checking would mitigate the risk to Settlement it will not fulfil the obligation in BSCP504 as some checks cannot be performed remotely.

One Workgroup member suggested if there were access issues then this should be seen as a signal to disconnect the site as this would confirm the status of the site and mitigate any ongoing Risk. However, if a site is long term vacant then there may be difficulty in accessing the site so it would be harder to disconnect. Further to this, the Workgroup were in agreement that the decision to disconnect should be with the customer as they are paying for their site.

The Workgroup discussed if the obligation to visit DE sites was still needed in the context of smart meters. Members were in agreement that with the role out of smart meters this issue should become less of a problem, but noting that this may not happen for a few more years and that we need a solution for now.

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Clarifying the Responsibility of NHHDCs

The Workgroup considered the layout of BSCP504 compared to the layout of BSCP502. Members noted that BSCP502 clearly defines the process for Half Hourly by including all important information in the main table, which is evenly distributed between rows that define a new responsibility. There is an introductory sentence at the top of the page that defines the responsibilities, and the footnote only contains minor information.

BSCP504 does not clearly define the process for NHH in the same tabular manner, key information is placed in footnotes and the information is not clearly distributed. The Workgroup were in agreement that regardless of the solution chosen, the layout in BSCP504 needs amending to mirror the style laid out in BSCP502.

Placing the obligation on Suppliers

The Workgroup considered placing the obligation to visit de-energised sites annually onto the Supplier as this would align with their current role in the Supplier Hub. It would also allow for Suppliers to have greater visibility of their agents and would 'push' the obligation up the chain to the Supplier.

The Suppliers in the room noted they would have to look into their internal practises and assess the impact this obligation could have on their Supplier Hub Teams, as well as how many sites they have that would be impacted. However, all members were in agreement that although there may be impacts on Suppliers, the focus should be on protecting the integrity of Settlement.

One member questioned what the impact would be on the BSC Audit process if the obligation was moved onto Suppliers. ELEXON confirmed that the Audit has energisation work papers which contain audit questions for that Risk in place already where they go through operational processes by using specific number of sample sites. ELEXON confirmed minimal impact on Suppliers from auditing perspective as we will still use the same number of samples and go through the same operational processes. Suppliers need to make sure that the DE site visits are in place that could increase their operational process but will depend on their portfolio.

One Workgroup member noted that by moving the obligation it may encourage Suppliers to look through their portfolio and clarify if their existing sites are correctly energised or de-energised which would benefit settlement.

One member noted the obligation is not for a particular person and if that was appropriate. The Workgroup discussed if a Data Retriever (DR) could go to site as it forms part of the DR role, there is an obligation and contracts need to support the BSC obligation. However, it was highlighted that although there are contracts some are instructed to not go. As Suppliers use a risk based approach there is an ability to fulfil the obligation but this is under the Supplier.

The Workgroup discussed that MOAs may have visited, however this does not fulfil the obligation, the Workgroup were in agreement that it should be someone who is recognised under the BSC.

Supplier Hub

Unlike Suppliers, Agents are not signatories to the Balancing and Settlement Code (BSC). As such, the BSC arrangements are based around the principle of the 'Supplier Hub'. This puts a requirement on Suppliers to manage Agent performance and ensure that the Agents meet their responsibilities. Suppliers usually manage this through contracts with the Agents

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Aligning the HH and NHH obligation

The Workgroup discussed the aligning the obligation to visit de-energised sites for both Half Hourly and Non Half Hourly and agreed that it would be sensible to create a consistent market. This would allow for more control for Non Half Hourly as the obligation would be clearly defined in BSCP504. This approach will bring the obligations in line with the Supplier Hub. The Workgroup agreed that hard to read sites would struggle to complete this due to the fact they believe the amount of work will increase, but also agreed the obligations should align.

One of the benefits highlighted through this approach was that the obligation would have a positive impact on Suppliers, in that if the obligation were to be kept broad then they would have the ability to be able to choose which agent they send to site. This would mean the Data Collector may not be the one to visit the site.

However, the Workgroup highlighted that the Half Hourly process would be limited as whoever was sent to carry out the check would have to be protocol compliant. Further to this HHDCs cannot visit an elective point and download this is because the agent who will complete the check should be an expert or should have enough knowledge to exercise the task.

In addition the Supplier would be responsible for scheduling which allows for more control and fits in with their existing obligations as part of the Supplier Hub principle.

The Workgroup discussed whether, if the obligation was left broad, the customer be included as someone who could complete the check. A Supplier stated they would trust their customers to submit the reads. The Workgroup concluded that if customers were allowed to submit reads then the amount of data received would be greater, but they would more likely contain inaccuracies. In conclusion, the Workgroup believed it would be better to trust the customer. It was decided that inaccurate data should be backed up with evidence where possible.

The Workgroup discussed potential dis-benefits of the HH and NHH markets being aligned. One member pointed out that there would be no benefit to HH as they operate at a larger scale and so have greater materiality and will already have contracts in place. The Workgroup agreed that the contracts in place should be consistent across the market. They also have a different type of customer. However, regardless of the contractual arrangements the Supplier still wants all of the control.

The Workgroup were in agreement that it should be the obligation that is to be aligned and not the process.

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4 Conclusions

The Workgroup concluded there is a value, to Settlement, in continuing with site visits for de-energised sites on an annual basis, and do not recommend that a change to the BSC is made to change this.

However, the Workgroup unanimously agreed that the most suitable option would be to place the obligation to visit de-energised sites onto Suppliers, as this would align with their current responsibilities in the Supplier Hub Model. This is because Suppliers have contact with the customer and are best placed to decide when visits should be conducted and as they are already responsible for the site visits through their agents, with the Workgroup believing that this is not a new obligation.

The Workgroup unanimously feel it is necessary to align the Half Hourly and Non Half Hourly obligations.

Raising a Change Proposal

The Issue 85 Workgroup requests a Change Proposal be raised to amend BSCP502 and BSCP504 to remove the obligation on NHHDCs to visit de-energised sites annually and instead re-assign the obligation on the Supplier.

They were also in agreement that the table in 3.4.1 in BSCP504 should be rearranged so that important information in the footnote should be brought up to the main table.

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Appendix 1: Issue Group Membership

Issue Group membership and attendance

Name	Organisation	30 Oct 2019	10 Dec 2019
Elliott Harper	ELEXON *(Chair)*	✓	✓
Danielle Pettitt	ELEXON *(Lead Analyst)*	✓	✓
Mark De Souza Wilson	ELEXON *(Design Authority)*	✓	✓
Claire Henderson	TMA *(Proposer)*	✓	✓
Alexandra Pourcelot	TMA	☎	✗
Colin Frier	Siemens	☎	✗
Nik Wills	Stark	✓	✓
Amy Genge (Chris Rep)	SSE	✗	☎
Chris Herzog	SSE	✓	✗
Stuart Draper	SMS	✓	✓
Ryan Bassett	SMS	✓	✓
Seth Chapman	Morissonds	✓	✓
Vijay Chikoti	Total Gas and Power	✓	✓
Naomi Anderson	Utility Warehouse	✗	✓
Rachael Ireland	Scottish Power	✗	✓
Sedef Kiris	ELEXON *(Risk Owner)*	✓	✓
Adam Cox	ELEXON *(Customer Operations)*	✓	✓
George Player	ELEXON *(Risk)*	✓	✗
Nkem Afodume	ELEXON *(Customer Operations)*	✓	✓

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Appendix 2: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
AA	Annualised Advance
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
EAC	Estimated Annual Consumption
HHDC	Half Hourly Data Collector
MOA	Meter operator Agent
MPANs	Meter Point Administration Numbers
NHHDC	Non Half hourly Data Collector
RF	Final Reconciliation
SMRS	Supplier Meter Registration Service
SVA	Supplier Volume Allocation

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0019	Metering System EAC/AA Data
D0095	Non Half Hourly Data Aggregation Exception Report
D0139	Confirmation or Rejection of Energised Status Change

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	BSCP504	https://www.elexon.co.uk/csd/bscp504-non-half-hourly-data-collection-for-sva-metering-systems-registered-in-smrs/
3	Supplier License Obligations	https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions

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External Links		
Page(s)	Description	URL
3	CP1019	https://www.elexon.co.uk/change-proposal/cp1019-clarification-of-pre-payment-meter-reading-obligations/

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