

NON HALF HOURLY (NHH) ESTIMATION DURING COVID-19

Guidance Note

Public

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Elxon has been contacted by a number of electricity Suppliers in the NHH market raising concerns about the level of costs that they are seeing through Settlement for sites, that had suddenly reduced consumption. This was because it had become harder to obtain Meter Reads where businesses or premises were shut, but the Estimated Annual Consumption (EAC) of the site was created based on historical consumption values. Suppliers also noted that NHH residential customers would be using more energy, and at different times, where businesses are closed or staff working from home.

Elxon convened a group of industry experts, including NHH Suppliers and Supplier Agents, who met on 1 April 2020, to discuss this issue and provide guidance to the industry. The group discussed numerous options and concluded that the following approach was the best available to Suppliers wishing to ensure estimation is as accurate as possible. The group met again on 23 April to discuss approaches that could be taken for when businesses re-open and consumption returns to more 'normal' levels. We would encourage Suppliers to take heed of this advice and engage proactively with their Supplier Agents to put the actions suggested in place, as Settlement inaccuracy could result in financial impacts to both Suppliers and, where there are shared billing and Settlement systems, end customers. The approaches have also been discussed and agreed by the Performance Assurance Board (PAB), which would also encourage Suppliers and Supplier Agents to follow the guidance below.

As Government lockdown restrictions were being relaxed the expert group reconvened on 28 July to agree a proposed timetable for ending the COVID-19 lockdown derogations. The PAB agreed the findings of the expert group and these have been reflected in this guidance. The approach was agreed and reflected in the document. The initial approach taken was to apply the derogated process set out here in response to the start of each lockdown period and to announce the ending of the derogations and a three month notice period to the industry at the end of each lockdown.

However, in November 2020 the PAB noted that the varying local tiers restrictions, potential for numerous future lockdowns and the approach taken to gradually easing restrictions at the end of the first lockdown had meant this approach was difficult to manage. It agreed that it would be inefficient and risk-prone to manage each lockdown period separately in future. On 28 January 2021, the PAB agreed a change of approach to enable the derogations to remain in place until there is a level of confidence that government restrictions which significantly impact Settlement operations have concluded. The PAB would review the need for the derogations on a quarterly basis and invite industry to provide feedback as part of this process.

On 24 June 2021, the PAB agreed in accordance with this process that a three-month notice period would begin on 1 July 2021. At the end of this period, on 30 September 2021, the derogations will end.

This guidance note is primarily aimed at addressing estimation for NHH non-domestic customers whose load may have reduced. The estimation of NHH domestic customers may also need to be adjusted, but due to the number of customers this may not be practical to do at this stage. Suppliers should discuss with their Supplier Agents whether changes to NHH domestic customers should occur and can be managed at this time. We would encourage Suppliers to obtain readings from all customers (for example through customer own reads) at this time to provide further accuracy to Settlement – which is preferable to revising EACs manually.

Approach for when sites are shut down or have a reduction in consumption

Revision of EACs

Suppliers should work with their Supplier Agents to identify sites which have shut down or had a significant change in consumption. Suppliers may instruct their Non Half-Hourly Data Collectors (NHHDCs) to revise the EAC for a site in line with this knowledge, to reflect changes in consumption. Suppliers should be mindful that the application of revised EACs and estimation adjustment is manually intensive for NHHDCs and take account of this when considering turn-around times. This revision should take into account any relevant historical evidence that may be available rather than applying a blanket approach to adjustments. It may not be appropriate to use an EAC of zero; even closed premises may consume some electricity (for example, fridges remain on, emergency lighting or alarm systems, etc.). Suppliers that submitted adjusted EACs to their DCs during the previous lockdown periods should review these, to consider any new information from the customers and any actual data received in the intervening period, before either reusing them or allowing their use to continue. EACs should be submitted by sending either a D0052, or another method mutually agreed between the Supplier and NHHDC (such as a sending spreadsheet of multiple sites). The use of Supplier-provided EACs in this way is not permitted by [BSC Annex S-2](#) and [BSCP504](#) section 4.12.1.3, which require a calculated EAC to be used in preference to a Supplier-provided EAC. However, in this case it should be done to provide greater Settlement accuracy.

For sites that have Automated Meter Reading (AMR) that are set to dial on a monthly basis, Suppliers could explore the possibility of more frequent dials to facilitate more accurate EACs or even to negate the need to make any changes.

Deemed Meter Advance

Suppliers should agree with their NHHDC that the NHHDC deems a meter advance at the point the shutdown of each site commenced i.e. the effective date of the Supplier's revised EAC (using the process outlined in [BSCP504](#), paragraph 4.5.3). This will ensure that, once a Meter Reading is taken for a site, energy will be better allocated to the periods before and after the shutdown of that site.

The guidance above is effective from the date of publication. Actions may be taken to 'back date' EACs to 21 March 2020 (or 24 March 2020, depending on the nature of the customer's business), for the first lockdown and to 5 November 2020 for the second lockdown, in line with the government directives to close certain businesses. However, EACs must never be backdated to pass the RF boundary at the time they are processed. The PAB issued a three month notice period to end the derogations allowed within this guidance on 1 July 2021 and the derogations will end on 30 September 2021.

Change of Supplier (CoS) Approach

Change of Supplier (CoS) events will continue to occur and may happen at any time. Following a CoS, the 'new' Supplier may not be aware that the EAC previously applied was a revised one that reflected either the consumption expected in lockdown or the reduced hours working at a site. The new Supplier should continue to use EACs provided to it with the Meter Read History (MRH), but should prioritise obtaining reads for sites which have undergone a CoS event during, or soon after the end of, the period of shut down for a site.

There are two key areas of risk in relation to a CoS and the derogated process which Suppliers should be mindful of and put controls in place to mitigate:

- Disputed Reads – If a replacement read is agreed following a dispute between Suppliers and the Metering System is one that has had a derogation applied after the Change of Supply date, the agreed replacement read will "overwrite" the derogated EAC. Suppliers putting in place to cross check D300s against their lists of derogated MSIDs will help them identify such MSIDs and enable them to re-adjust the EAC after the CoS date if necessary.
- CoS resulting in excessive reductions – If an MSID has been within the derogated process and is then subject to a CoS and if the new Supplier had not adequately assessed the usual annual consumption level at site and confirmed the right level of reductions for lockdown with its customer, the new Supplier may not realise that the

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EAC has already been reduced through the derogated process and apply a further reduction. Suppliers ensuring they have good communication with their customers regarding their usual annual consumption levels and their current operational level, as part of their process for collecting evidence to support the EAC reduction put in place, will help to prevent this issue from occurring.

Approach for when sites re-open or consumption increases or returns to 'pre-shut down' levels

Revision of EACs

At the conclusion of the shutdown of a site, Suppliers should obtain a meter reading as quickly as possible (either through a customer read or a field visit), using this to update the previously used EAC in line with normal procedures. A new forward-looking EAC may then be created, using data of consumption from before the shutdown occurred.

At the point when a site could be expected to increase consumption due an easing of Government restrictions, the Supplier should take one of the following approaches:

- i. Identify that the site continues to remain closed. In this situation, the revised EAC may continue to be applied and the Supplier should communicate this with their NHHDC; or
- ii. Identify that the site has now re-opened. In this situation, the Supplier should send updated EACs to their NHHDC. These EACs should return consumption to the pre-shut down position, unless the Supplier has obtained evidence of a different consumption level (for example, a business may begin operating again but with reduced hours than before). The Supplier should do this through sending either a D0052, or another method mutually agreed between the Supplier and NHHDC (such as a sending spreadsheet of multiple sites).

If a site voluntarily closed, and therefore does not require any easing of Government restrictions to allow it to recommence operations, the Supplier should identify the point when that site re-opens and then follow approach (ii) above. In all cases, the Supplier must maintain an auditable trail of evidence to demonstrate why the chosen EAC was used and arrived at.

At the end of the lockdown period, the default expectation is that EACs return to those used prior to the lockdown. However, an EAC value between the lockdown EAC and the pre-lockdown EAC can be applied where there is evidence that activity has now started at the site post-lockdown but at significantly reduced levels.

The EAC used for the derogated period can remain in place if the Supplier has an auditable trail of evidence that this is the most appropriate EAC at the time the derogation ends and in these circumstances there is no need to deem the read again (as set out in section 2 below). Auditable evidence could include **but is not limited to**:

- Reads, consumption data, or relevant information about the supply obtained from a site visit
- Reads, consumption data, or relevant information about the supply obtained through direct contact with the end customer
- Evidence that the supply is directly affected by COVID-19 measures put in place by the Governments of Great Britain, for example that it is for a site that is legally unable to open

Suppliers should undertake every effort to obtain reads rather than leave these EACs in place and it is expected that this should only be required for a minimal number of sites. The Supplier should submit a list of such MSIDs including the MSID number, EAC and rationale for the derogated EAC remaining in place to Elexon by the end of the derogated period. The auditable trail of evidence maintained by the Supplier, including information about the site and communication between the Supplier, Supplier Agents and/or end customers, may form the basis of a Technical Assurance of Performance Assurance Parties (TAPAP) check once the derogations have ended.

Deemed Meter Advance

At the conclusion of the shutdown for a site (whether a partial or full return to operation), the Supplier should instruct the NHHDC to Deem a further Meter Reading (for the date specified by the Supplier of the conclusion of the shutdown) using the updated EAC (if an Actual reading cannot be obtained). This will provide a more accurate forward looking consumption and confine the shutdown consumption to the appropriate period.

On 1 July 2021 the PAB issued a three month notice period for EACs to be re-estimated by the Supplier (as outlined in (1) above), with the new EAC effective from the re-opening of the site.

When it is possible to perform site visits for sites which are Settling on an EAC, it is important that Suppliers, Data Collectors and Meter Operators plan an approach for prioritising the work, including both data collection and meter fault investigation/resolution. This approach could consider the following factors: volume of estimated energy; time since an actual reading was obtained and sites utilising a revised EAC. This list is not exhaustive nor in a defined order of prioritisation; parties should work together to determine how sites visits are approached. When attempting to get readings into Settlement it is important that Supplier Agents are mindful of all Parties across the industry, regardless of their size or portfolio.

As Meter Advances which cover periods of the lockdown will be used in calculating new EACs, this could result in EACs that are not as reflective of post lockdown consumption. Obtaining actual reads as frequently as possible post lockdown is advised to mitigate this. This will mean that the post lockdown Meter Advances are used in the forward-looking EACs generated.

For NHH sites the 'lockdown EAC' may be a better reflection of consumption than customer reads taken early in the lockdown period, where the meter advance has a high proportion of pre-lockdown demand. However, for customer reads taken later in the lockdown period, the meter advance may have a higher proportion of lockdown demand, so the calculated EAC from the customer read may be better.

Therefore further revisions to the EAC are not precluded, whilst this guidance is effective, if evidence is obtained that indicates there is a more appropriate EAC and to make it clear that revision of the EAC is intended to be evidence-based. For example:

- a new meter advance that consists mostly of pre-lockdown demand should not prevent the continued use of an evidence-based lockdown EAC; whilst a meter advance that covers a sufficient proportion of the lockdown period to negate the need to continue using an adjusted EAC should be used to calculate a revised EAC unless there is evidence from customer engagement that the new lockdown effect is different to the previous lockdown

An audit trail of actions taken (for all the sections above) must be maintained, including information about the site, communication between the Supplier and Supplier Agents, and the operational or historical data if used. As noted above, the auditable trail of evidence maintained by the Supplier may form the basis of a Technical Assurance of Performance Assurance Parties (TAPAP) check once the derogations have ended.

As this is a deviation from the standard process, but one required to improve the accuracy of Settlement, Elexon, the PAB and the BSC Auditor will not raise BSC Audit Issues against Parties who have followed the above derogations to the normal process.

The PAB expects Parties to provide the evidence for the above actions to Elexon or the BSC Auditor upon request at any time. As a minimum, this should include:

- For Suppliers: MSID, NHHDC MPID, previous EAC, new EAC, rationale or methodology of calculation of new EAC, effective from date of new EAC.
- For NHHDCs: MSID, Supplier MPID, previous EAC, new EAC, effective from date of new EAC.