

Reference: Request for extension to the Implementation Date of approved Modification P272  
'Mandatory Half Hourly Settlement for Profile Classes 5-8'

Lisa Charlesworth  
Ofgem  
9 Millbank  
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SW1P 3GE  
(by email)

20 March 2015

Dear Lisa,

In accordance with BSC Section F2.11.8, the BSC Panel is requesting the Authority grant a 12 month extension to the Implementation Date for Approved Modification [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#).

This would move the Implementation Date from 1 April 2016 to **1 April 2017**.

## Background

At its meeting on 12 February 2015 the BSC Panel considered a letter submitted by Npower which set out concerns regarding the Implementation Date for P272. In order to make an informed decision the Panel agreed to issue an industry consultation to obtain further information ([Panel 234/05](#)).

The Panel considered responses to this consultation at its meeting on 12 March 2015 where it determined to seek a 12 month extension to the Implementation Date ([Panel 235/04](#)).

## Reason for request

Ofgem advised the Panel that the following areas should be considered when determining to request an extension:

- Evidence of the materiality of the issues, including the impact these would have on customers as well as on industry participants;
- Whether these are resolvable in the existing timeframes; and
- How widespread the issues are.

The Panel's rationale against these areas is detailed below. The full responses received to the Panel's consultation, including confidential responses that the Panel could not consider, are attached to this letter.

### What is the materiality of the issues?

The Panel considers that a key concern relates to the migration of Metering Systems to Half Hourly (HH) Settlement before 1 April 2016 and the impact that this could have on customers' experience. Members highlight that Suppliers, who were mandated to install Advanced Meters for all customers that fall under one of Profile Classes (PCs) 5-8. Suppliers, would have sold this installation to customers on the basis of better prices or tariffs being offered. However, many of these customers

will still be on Non Half Hourly (NHH) tariffs under their current contracts, and a number of these contracts will extend beyond 1 April 2016. Under the current implementation approach, such contracts are likely to need to be terminated early and the customer moved to a HH tariff. Suppliers believe it would present a better experience if customers could be migrated at the end of the existing contract. Equally if Suppliers are not fully prepared to implement an effective solution there will be an unnecessary disruption to Customers.

The interval between the implementation of [P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)'](#) on 5 November 2015 and the implementation of P272 on 1 April 2016 gives only a five month window to migrate a large number of Metering Systems to HH Settlement. Members are concerned that the processes that need to be followed are not designed for such a volume of change to be migrated in such a time period. Such issues could be exacerbated should insufficient Supplier or Supplier Agent resource be available to manage these migrations. As well as a detrimental impact on customer experience, errors with migrations may also pose risks to Settlement.

The Panel notes that a lot of the evidence provided by participants on the materiality has been qualitative in nature, and that there is very little quantitative evidence. However, Members believe that the rationale provided by participants has highlighted potentially serious issues for customer experience should the P272 Implementation Date remain unchanged. In particular, a large number of the 'Big Six' Suppliers have highlighted concerns, and the Panel notes that this could result in a significant percentage of customers affected by P272 being adversely impacted.

#### **Are these issues resolvable in the existing timescales?**

The Panel notes that a large number of consequential industry changes are being progressed to resolve issues relating to P272 ahead of its implementation. While these are progressing, some Members have concerns that the outcomes of these changes remain uncertain until a final decision is made, and that there are still many important changes for which such decisions remain outstanding.

Members also highlight delays to the implementation of NEXUS announced since P272 was approved in October 2014. The impact on participants having to make the necessary system changes for this may adversely impact their ability to make the necessary changes for P272.

#### **How widespread are these issues?**

A large number of Suppliers, including all of the 'Big Six', have expressed concerns with the current Implementation Date, and would support an extension. The Panel believes that the number of affected customers that are served by these Suppliers would be significant, and that the issues can therefore be considered widespread.

The Panel has noted that, while a large number of Suppliers would be affected by the issues highlighted, there are others that would not, and which could still meet the current Implementation Date. Members believe that while it would be appropriate to seek an extension to the P272 Implementation Date, this should not impede any Supplier that wishes to migrate their customers sooner.

The Implementation Date for P272 should be seen as an 'end date' by which migrations should be completed, but that any extension to this should not impede earlier migrations. The Panel believes that this approach will increase flexibility in how Suppliers may migrate their customers, and

encourages competition in the market by allowing those who can take advantage of Half Hourly migration to do so in a timely manner and not wait for the slowest industry member.

Supplier Agents and Distribution System Operators (DSOs) have indicated that they are largely unaffected by these concerns and would be able to meet the current Implementation Date. Members believe that these participants should continue to do so to facilitate early migration.

**How long an extension should be sought?**

The Panel believes that a 12 month extension would be appropriate. Members do not believe that a more substantial delay is necessary, and note that a majority of consultation respondents in support of a delay believed that 12 months was appropriate.

The Panel therefore recommends to the Authority that a 12 month extension to the P272 Implementation Date should be granted, and that P272 should be implemented on 1 April 2017.

Yours sincerely,  
Adam Lattimore  
BSC Modification Secretary

**Attachment 1 – P272 consultation responses**