

Prepared by: P230 Modification Group

## ASSESSMENT CONSULTATION for Modification Proposal P230 'Enabling Interoperability through the use of CoP10 and CoP5 Metering'

**For attention of:** BSC Parties, Party Agents and other interested parties  
**Responses due:** 12 noon on Monday 02 February 2009  
Please respond to: [modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk)

**Date of Issue:** 21 January 2009  
**Reason for Issue:** For Consultation

**Document Reference:** P230AC  
**Version Number:** 1.0

**Proposed Modification P230** seeks to mandate the use of relevant Codes Of Practice in those circumstances where Suppliers are obliged to use advanced metering by the Electricity Supply Licence. This will ensure consistency of metering requirements and mitigate issues surrounding interoperability of advanced meters in the market.

### PURPOSE OF CONSULTATION

This consultation seeks respondents' views regarding P230 and, in particular:

- Whether the Proposed Modification would better facilitate the achievement of the Applicable BSC Objectives<sup>1</sup> when compared to the existing arrangements;
- Whether there are any alternative solutions that the Modification Group has not identified and that should be considered; and
- Whether there are any substantive issues not considered by the Modification Group which should be brought to the Group's attention for inclusion in its assessment of P230.

**You are invited to provide a response to the questions contained in the attached form.**

Please send responses, entitled 'P230 Assessment Procedure Consultation', by **12 noon on Monday 02 February 2009** to the following e-mail address:

[modification.consultations@elexon.co.uk](mailto:modification.consultations@elexon.co.uk).

Any queries can be addressed to Stuart Holmes ([stuart.holmes@elexon.co.uk](mailto:stuart.holmes@elexon.co.uk)) on 020 7380 4135.

<sup>1</sup> A copy of the Applicable BSC Objectives is provided in Appendix 2.

## CONTENTS TABLE

<b>1</b>	<b>High Level Summary of the Consultation Document.....</b>	<b>3</b>
<b>2</b>	<b>Background .....</b>	<b>5</b>
2.1	Proposed Changes to the Electricity Supply Licence .....	5
2.2	The Issue .....	5
<b>3</b>	<b>P230 Solution Requirements .....</b>	<b>7</b>
<b>4</b>	<b>Group Considerations .....</b>	<b>8</b>
4.1	Measurements Instruments Directive .....	8
4.2	Implementation Timescales .....	8
4.3	P230 Benefit Analysis.....	8
<b>5</b>	<b>IMPLEMENTATION Approach.....</b>	<b>9</b>
<b>6</b>	<b>Assessment against the Applicable BSC Objectives .....</b>	<b>10</b>
6.1	Summary of Groups Initial views .....	10
<b>7</b>	<b>Terms Used in this Document.....</b>	<b>11</b>
7.1	References .....	11
<b>Appendix 1: Applicable BSC Objectives .....</b>		<b>11</b>
<b>Appendix 2: Processes Followed.....</b>		<b>11</b>
<b>Appendix 3: Estimated Costs .....</b>		<b>12</b>
<b>Appendix 4: Modification Group Membership.....</b>		<b>12</b>
<b>Appendix 5: Modification Group Terms Of Reference.....</b>		<b>13</b>

# 1 HIGH LEVEL SUMMARY OF THE CONSULTATION DOCUMENT

## Summary of Proposal

### Objective of P230:

P230 aims to reduce interoperability issues arising from the introduction of Advanced Metering within the United Kingdom.

### Proposed Solution:

P230 proposes to introduce a requirement within the Code that will mandate the use of relevant Codes of Practise (CoP10 or CoP5 at a minimum) when installing metering equipment.

### Assessment Approach:

- Use a Modification Group meeting to develop a solution to the issues described in P230;
- Issue an impact assessment consultation to identify the P230 implementation costs, lead times and views from the industry;
- Provide a report to the Panel on the findings of the Modification Group as to whether P230 better facilitates the achievement of Applicable BSC Objectives; and
- Put finalised obligations in the Balancing and Settlement Code (BSC) and Codes of Practise (CoPs) subject to P230 being recommended by the Modification Group and Panel, and approved by the Authority.

## Impacts

### Industry:

- Suppliers
- Party Agents

### Documentation:

- Sections L of the BSC; and
- CoP's

Please refer to the IWA for additional comments: [P230 IWA](#)

## Costs

### Central Implementation Costs:

The estimated ELEXON implementation cost is 2 man days, which will equates to £440.

## Modification Group's identified Benefits and Drawbacks under Applicable BSC Objectives (c) and (d)

### Benefits:

- Affords Parties the opportunity of moving between the Non Half Hourly and Half Hourly segment of the market;

### Drawbacks:

- None identified

<ul style="list-style-type: none"> <li>• Improves consumer access to, and transparency of, the market allowing customers to switch Suppliers more easily;</li> <li>• Will improve accuracy of data flowing into Settlement;</li> <li>• Reduce the issues associated with interoperability.</li> </ul>	
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### Implementation approach

The Modification Group is currently considering the following Implementation Dates:

- **6 April 2009 (if Authority decision is reached on or before 5 April 2009)**
- **1 Working Day after an Authority decision, if decision is reached after 5 April 2009.**

### Modification Group's initial Recommendation

Within the Modification Group there is currently a:

- **Unanimous** view that the Proposed Modification **is** better than the current arrangements;

The Group's initial unanimous recommendation is that **P230 Proposed Modification SHOULD be made.**

## 2 BACKGROUND

With the introduction of advance metering within the United Kingdom certain interoperability<sup>2</sup> concerns have been raised that will need to be addressed if we can expect to maintain a certain degree of consistency and control within the market. The proposed amendment to the Electricity Supply Licence has raised the necessity for addressing these interoperability issues sooner rather than later.

### 2.1 Proposed Changes to the Electricity Supply Licence

The Electricity Supply Licence sets out the requirements for parties who wish to partake in the supply of electricity within the UK. Proposed amendments to the standard conditions of the Electricity Supply Licence have been proposed by Ofgem, along with a similar provision for the Gas Supply Licence.

The proposed amendments to the Electricity Supply Licence read as follows:

#### **"Advanced meters for Non-Domestic Premises [electricity]"**

*12.17 This paragraph has effect on and after **6 April 2009** and applies where the licensee installs or arranges for the installation of an Electricity Meter at Non-Domestic Premises where the metering point falls within profile class 5, 6, 7 or 8 as defined in the Balancing and Settlement Code (for this condition only, "relevant premises").*

*12.18 If paragraph 12.17 applies, the Electricity Meter installed at the relevant premises must be an advanced meter.*

*12.19 For the purposes of this condition, an advanced meter is an Electricity Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Code, is able:*

- (a) to provide measured electricity consumption data for multiple time periods, and at least half-hourly; and*
- (b) to provide the licensee with remote access to such data.*

*12.20 The licensee must ensure that a Customer supplied with electricity at relevant premises through an advanced meter, or that Customer's nominated agent, is able to have timely access, on request, to the data provided by that meter.*

*12.21 As from 6 April 2014, the licensee must not supply electricity to any relevant premises other than through an advanced meter.*

*12.22 The prohibition imposed by paragraph 12.21 does not apply where the licensee is unable to install or arrange for the installation of an advanced meter at the relevant premises in question despite taking all reasonable steps to do so."*

### 2.2 The Issue

Following the announcement of the potential amendments an expert group (Advanced Metering Interoperability Review Group) was set up to determine an approach to enable Suppliers to demonstrate compliance with the proposed Electricity Supply Licence condition and to facilitate effective market operation and interoperability for Profile Classes 5 to 8, i.e. to establish a consistent approach to metering within the UK.

<sup>2</sup> "Interoperability" defined in terms of the goal in Section 3.1 of the Advanced Metering Operational Framework: Profile Classes 5 to 8: [Advanced Metering Operational Framework](#)

The group concluded that the requirements in paragraphs 12.17 and 12.18 of the Electricity Supply Licence should be met by installing CoP10 or CoP5 compliant meters into premises affected by the licence change. These meters would be capable of providing Half Hourly interval data, even though Metering Systems would continue to be settled under the Non Half Hourly arrangements, unless the Supplier chooses otherwise.

Furthermore, the group noted that the Electricity Supply licence does not prescribe which types of advanced metering shall be used, leaving the metering installed dependent on Suppliers' interpretation of the licence condition. This leaves a risk of interoperability issues as different types of metering (for example, multi-register) could be deemed to meet the licence condition.

### 3 P230 SOLUTION REQUIREMENTS

Modification Proposal P230 has been raised to mandate the use of relevant Codes of Practice in those circumstances where Suppliers are obliged to use advanced metering by the Electricity Supply Licence. This will ensure consistency of metering requirements and mitigate issues surrounding interoperability of advanced meters in the market.

It should be noted that advanced metering technology is being introduced into the market independently of the proposed changes to the Electricity Supply Licence.

For a full description of the original Modification Proposal as submitted by the Proposer, please refer to the following link: [P230 Background Documentation](#).

#### 3.1.1 Balancing and Settlement Code

Legal text has been drafted in a manner that will ensure the flexibility and robustness that is required to effectively implement this Modification. The Supply License states that any new Metering Equipment that is installed within Profile Classes 5 – 8 (PC5-8) from the 6 April 2009 will need to be 'Advanced Meters'. The legal text for P230 ensures that BSC Parties comply with relevant Codes of Practice (CoP's) when installing 'Advanced Meters' pursuant to the conditions set out within the Supply License.

In addition the legal text will ensure that when existing Metering Equipment is replaced (Post 6 April 2009), it is replaced by Metering Equipment that is compliant with the latest version of the applicable CoP at the date at which such Metering Equipment is installed.

It is important to note that although the proposed changes to the Standard Conditions of the Electricity Supply Licence refers specifically to PC5-8; the drafted legal text will neither preclude nor mandate the solution from being relevant to other areas of the market.

The rationale for this view is that if future changes occurred within the supply licence necessitating the use of advanced metering in other profile classes, it would not be efficient to continually modify the BSC in order to address these changes, this will be addressed with in the relevant CoPs as seen within the section below.

The draft legal text can be found in Attachment 1.

#### 3.1.2 Codes of Practice

P230 will necessitate a change to the CoPs in order to ensure that BSC Parties are clear on which CoPs are relevant in relation the BSC. The Group considered the following as potential wording within the CoPs:

*This Code of Practice also applies where Section L requires the installation of Metering Equipment pursuant to a Supply Licence in relation to Non Half Hourly Metering Systems with Profile Classes 5-8.*

The above text will be included within CoPs 1-3, CoP5 and CoP10<sup>3</sup>.

In addition to the above text, the Group believed that additional wording would need to be drafted within CoPs 8 and 9 in order to make them non-applicable for PC5-8. The group considered the following as potential wording:

*This Code of Practice does not apply where Section L requires the installation of Metering Equipment pursuant to a Supply Licence in relation to Non Half Hourly Metering Systems with Profile Classes 5-8.*

<sup>3</sup> Please refer to section 5.1 for links to the relevant CoPs

## **4 GROUP CONSIDERATIONS**

The sections below outline the key principles that the Modification Group has discussed while developing the proposed legal text that will give effect to P230.

### **4.1 Measurements Instruments Directive**

The Measuring Instrument Directive (MID) came into force in March 2004 and was enacted into UK Legislation (via The Measuring Instruments (Active Electrical Energy Meters) Regulations 2006 (SI 2006 No. 1679).

The MID is concerned with devices for legal measurements such as, electricity and gas Meters, and its primary aim is to create a single market for measuring instruments across EU countries i.e. Meters can be put on the market and used in any EU country irrespective of where in the EU the MID approval was given. The MID establishes requirements which all Meters for use at premises below 100kW must comply with.

Concern has arisen in respect of National requirements that have the potential to frustrate the intention of the MID i.e. to create a single market for the use of Meters across the EU. The European Commission has indicated that metering requirements which Member States have in place, or intend to introduce, may be in contravention of the MID and are eager for the development of European and international metering standards rather than Member States introducing requirements other than those set out in the MID. Accordingly this may impact on metering requirements set out in the BSC and its subsidiary documents including those relevant to advanced metering. The National Weights and Measures Laboratory (the government body responsible for legal metrology) are currently in discussion with the European Union in respect of these issues.

The Modification Group noted and agreed that whilst this was an important issue it was not something that could be resolved by the Group and was for Ofgem and DECC to consider.

### **4.2 Implementation Timescales**

The effective date for the proposed Supply Licence amendments is the 6 April 2009. However, affected parties will have until the 6 April 2014 to comply with these changes. The P230 Modification Group took this into consideration while drafting the legal text.

Parties that install or replace Metering Equipment, pursuant to the requirements stated within the Supply Licence, will have to use Metering Equipment that is compliant with the relevant CoPs. A Modification Group member raised a concern that CoP10 compliant Metering Equipment might not be available at the time that P230 was implemented.

The Group discussed the issue and agreed that this issue would be resolved by Parties applying for dispensations while in the process of obtaining CoP compliant Meters.

The Group believed that P230 would send the correct signals to Suppliers/Manufacturers to gear up for future market implications.

### **4.3 P230 Benefit Analysis**

The Department of Energy and Climate Change (DECC) has championed the introduction of Advanced Metering in an attempt to address issues associated with climate change and energy consumption. It is not anticipated that there will be any additional environmental impacts over and above those addressed by DECC, with this in mind, the P230 Group will not be focusing on environmental impacts.



## **5 IMPLEMENTATION APPROACH**

### **Implementation Dates:**

The Group noted the timescales associated with the proposed changes to the Supply Licence and believed that implementation dates should coincide with these dates as much as possible.

The Group proposes that P230 should be implemented on 6 April 2009 if an Authority decision is reached on or before 5 April 2009.

**or**

1 Working Day after an Authority decision, if decision is reached after 5 April 2009.

### **Implementation Costs:**

The estimated ELEXON implementation cost is 3 man days, which will equates to £660.

## 6 ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

### 6.1 Summary of Groups Initial views

The unanimous view of the Group is that that the Proposed Modification improves on the current baseline and that P230 better facilitates:

#### **BSC Objective (C) & (D)**

The rationale for the Modification Groups views are highlighted in the tables below:

<b>BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity</b>	
<b>For</b>	<b>Against</b>
<ul style="list-style-type: none"> <li>Affords Parties the opportunity of moving between the Non Half Hourly and Half Hourly segment of the market;</li> <li>Improves consumer access to, and transparency of, the market allowing customers to switch Suppliers more easily;</li> <li>Reduce the issues associated with interoperability.</li> </ul>	<ul style="list-style-type: none"> <li>None identified</li> </ul>

<b>BSC Objective (D): Promoting efficiency in the implementation and administration of the balancing and settlement arrangements</b>	
<b>For</b>	<b>Against</b>
<ul style="list-style-type: none"> <li>Will improve accuracy of data flowing into Settlement</li> </ul>	<ul style="list-style-type: none"> <li>None identified</li> </ul>

#### **In Conclusion:**

Within the Modification Group there is currently a:

- Unanimous** view that the Proposed Modification is better than the current arrangements;

The Group's initial unanimous recommendation is that **Modification Proposal P230 Modification SHOULD be made.**

## 7 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
DECC	Department of Energy and Climate Change
MID	Measurements Instruments Directive

### 7.1 References

Ref.	Document Title	Owner	Issue Date	Version
1	<a href="#">P230 Modification Proposal</a>	N/A	23/12/08	1.0
2	<a href="#">Advanced Metering Operational Framework</a>	ELEXON	24/10/08	1.0
3	<a href="#">ELEXON - Codes of Practice</a>	ELEXON	N/A	N/A

## APPENDIX 1: APPLICABLE BSC OBJECTIVES

For reference the Applicable BSC Objectives, as contained in the Transmission Licence, are:

- (a) The efficient discharge by the licensee [i.e. the Transmission Company] of the obligations imposed upon it by this licence [i.e. the Transmission Licence];
- (b) The efficient, economic and co-ordinated operation of the GB transmission system;
- (c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

## APPENDIX 2: PROCESSES FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at:

[P230 Background Documentation](#)

Date	Event
23/12/08	Modification Proposal raised by Scottish and Southern Energy
15/01/09	IWA presented to the Panel
20/01/09	First Assessment Procedure Modification Group meeting held

**APPENDIX 3: ESTIMATED COSTS**

<b>ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL</b>	
<b>Meeting Cost</b>	£1000
<b>Legal/Expert Cost</b>	£0
<b>Impact Assessment Cost</b>	£0
<b>ELEXON Resource</b>	24 man days £6,000

**APPENDIX 4: MODIFICATION GROUP MEMBERSHIP**

<b>Member</b>	<b>Organisation</b>	<b>20/01/09</b>	<b>TBD</b>	<b>TBD</b>
Adam Lattimore	ELEXON (Chairman)	√		
Stuart Holmes	ELEXON (Lead Analyst)	√		
Martin Brandt	Scottish and southern Energy (Proposer)	√		
Rosie McGlynn	EDF Energy	√		
Glenn Sheern	E.ON UK	X		
James Evans	British Energy	√		
Ken Ruickbie	Scottish Power	√		
Louisa Stuart-Smith	npower	√		
Bryan Donnelly	SAIC	√		
Eric Graham	TMA	X		
<b>Attendee</b>	<b>Organisation</b>			
Helen Boothman	ELEXON	√		
Sarah Mann	ELEXON (Lawyer)	√		
Nigel Nash	Ofgem	√		
Steve Francis	ELEXON (Design Authority)	√		
Beverley Adams	BEMA	√		
Graeme Wood	-	√		

## **APPENDIX 5: MODIFICATION GROUP TERMS OF REFERENCE**

**Modification Proposal P230 will be considered by the P230 Modification Group, formed from the Volume Allocation Standing Modification group, in accordance with the VASMG Terms of Reference and the Appendix attached.**

### **P230 – Enabling Interoperability through the use of CoP10 and CoP5 Metering**

#### **ASSESSMENT PROCEDURE:**

- 1.1 The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P230 pursuant to section F2.6 of the Balancing and Settlement Code.
- 1.2 The Modification Group will produce an Assessment Report for consideration at the BSC Panel Meeting on 12 February 2009.
- 1.3 The Modification Group shall consider and/or include in the Assessment Report as appropriate:
  - The Group shall note the current events occurring in relation to the MID and ensure that DECC and Ofgem are involved during the assessment of P230. Please note that the Group shall not be asked to resolve this issue.
  - Consider the flexibility and robustness of legal text. The Group shall ensure that legal text is drafted in a manner that:
    - I. Does not constrain parties from using other relevant CoP's; and
    - II. Is flexible enough to accommodate any future changes to the Supply License without the need to raise further Modifications.
  - Consider any Alternative Modifications.

It is suggested that the P230 Modification Group consider recommendations highlighted during the Advanced Metering Interoperability Review.

The Department of Energy and Climate Change (DECC) has championed the introduction of Advanced Metering in an attempt to address issues associated with climate change and energy consumption. It is not anticipated that there will be any additional environmental impacts over and above those addressed by DECC, with this in mind, the P230 Group will not be focusing on environmental impacts.