

Panel 217/07 Attachment B – SVG152 views on CP1388 and CP1395

ELEXON presented the Change Report for Change Proposals (CPs) CP1388 'Meter Technical Details for Smart Meters' and CP1395 'Distribution of Configuration Details for Smart Meters'. It detailed the background, solutions and their impacts, industry views and ELEXON's analysis of these and recommendations on the way forward. ELEXON invited the SVG to reject CP1388 and approve CP1395 for implementation in the February 2015 Release.

The SVG noted the large volume of comments that were received in response to the joint CP Impact Assessment (IA) of CP1388 and CP1395. The SVG acknowledged that this was an indication of the strength of industry opinion surrounding these changes. It also agreed with ELEXON's observation that no small Suppliers who responded to the IAs supported CP1388 and that all of them who expressed a preference did so for CP1395.

The SVG agreed that CP1388, CP1395 and 'no change' could all work in practice and noted the Department for Energy and Climate Change's (DECC's) initial view for minimal change to industry processes as a result of the introduction of smart Meters.

The majority of the SVG agreed that CP1395 is a pragmatic solution that complies with the 'minimal change principle', utilises existing processes and systems and would fill the gap introduced by changes in responsibility for who will configure smart Meters serviced by the Data and Communications Company (DCC). The majority of the SVG also noted that CP1395 is less risky than CP1388 in terms of implementation impact as it requires less change to be made to a process that will require further changes in the future, which are still to be determined. The SVG Members also commented that, although not formalised, the CP1395 process is happening now, where Suppliers are using the Meter Operator or a 'head-end' service provider as a Smart Metering System Operator (SMSO) to configure smart Meters. A minority of SVG Members argued that CP1388 is a significantly more robust solution than CP1395 as they believed it would be more clearly defined, more efficient and would ensure that accurate and better quality details are obtained. The same SVG Members acknowledged that there would be a major cost to Suppliers and in particular to smaller Suppliers to implement CP1388. However, these SVG Members considered this to be necessary as they believed that CP1388 would be building a set of foundations that would put a clearer and more defined process in place and that spending the money now would be worthwhile in the future given that the cleaner demarcation between dumb and SMART processes.

One SVG Member noted that CP1388 has no exception management within its solution, and therefore was 'broken' due to being an incomplete solution. The member noted that there is no mechanism for the Data Collector to be aware that it has not received updated configuration details and therefore CP1388 posed a greater risk to Settlement. ELEXON responded that the DC would identify this from the mismatch between the register identifiers in the MTD and those in the readings passed from the Supplier. There is no mechanism under CP1388, CP1395 or the current arrangements for the DC to know whether the Supplier or MOA has updated the existing registers to different time periods. ELEXON responded that there is no such mechanism under CP1395. The SVG Member noted that it would be 'mindless' for industry to spend a lot of money on something now based on assumption when it is unknown what other changes would be needed to address such issues and what an enduring solution would look like. Another SVG

Member commented that it is not clear how anyone will know what actions the DCC has or has not effected (or even when it has). The member therefore felt that it was worth deferring a decision to enable ELEXON to discuss with the newly designated DCC how the processes will work in practice.

The SVG noted one respondent's comment for a 'no change' solution. An SVG Member commented that the respondent to the IA that preferred a 'no change' option did comment that the processes should be kept separate, though this was through the separation of the legacy and smart arrangements between the BSC and SEC. Another SVG Member commented that the SVG should be mindful of 'no change' and did not agree that nothing should be done. Some SVG Members agreed that this could be a feasible option but would be both messy and risky as in practice, Suppliers currently use both underpin or a bilateral dataflow. The SVG commented that 'no change' would leave the BSC silent on how configuration details should be passed from the Supplier to the Meter Operator and that, in general, the industry prefers standardisation. An SVG Member commented that not having standardisation in the gas industry is causing issues where parties are using their own communication methods rather than a standardised process. The SVG noted that both CP1388 and CP1395 would introduce a standardised flow, but for CP1395 this is optional. It also noted that 'no change' would disadvantage smaller parties.

An SVG Member questioned whether it would affect Ofgem wanting an efficient Change of Supply (CoS) process without a proper solution. ELEXON confirmed that the CoS Expert Group (CoSEG) under the Smarter Markets initiative is exploring how to remove the dependency on transferring MTD on CoS, but are not looking at other processes such as new connections or change of Meter/configuration. ELEXON asked the SVG to note that the scope of CP1388 and CP1395 relate to configuration only and does not include Change of Measurement Class (CoMC). It is not anticipated that there will be large numbers of transfers, if any, from Profile Class 1-4 to Half Hourly in the early stages of the smart roll-out, so the smart CoMC process could follow.

The SVG questioned how many smart Meters have been rolled out and if there has been any indication of any apparent Settlement Risks. An SVG Member commented that currently, there does not appear to be any Settlement issues as no major problems have yet to be highlighted with already over a million smart Meters rolled out. The same SVG Member was therefore in favour of 'no change' while there are no existing issues identified. Another SVG Member noted that change of Supplier rates among the smart Meters currently rolled-out were not high enough to test interoperability.

An SVG Member stated that the SVG has not yet seen any evidence of the level (either qualified or quantified) of what the potential risks for CP1388 and CP1395 actually are. ELEXON commented that quantifying the implementation risk was the purpose of the IA and the high level view from the responses was that CP1388 carried a higher implementation risk. Responses on the operational risks were mixed and another SVG Member questioned whether this could be quantified at this stage.

The SVG noted that there is a risk for parties to have to wait for data flows in both CP1388 and CP1395 solutions. However, some SVG Members argued that CP1388 is a greater Settlement

Risk. It is their view that Suppliers could implement CP1388 in their systems that would mean that the configuration details aren't passed on to the Data Collector until the Supplier had received the device details. It could therefore pass the two on at the same time, which could delay processing the Meter reading. ELEXON advised that CP1388 allows for configuration details to be sent without the device details and that as the Data Collector doesn't need the device details it didn't expect that the Supplier would provide them to the Data Collector. ELEXON noted that both CP1388 and CP1395 have a 'post-box' function, however, it highlighted that this function is more critical in CP1395 as it is the configuration details that are transferred in this manner, which are critical to the Data Collector for it to process the Meter readings; whereas, CP1388 only has the Supplier as a 'post-box' for the less critical (for Settlement) device details.

The majority of SVG agreed that in relation to volume allocation, CP1388 has major risks in terms of short-term implementation impacts and costs. There were mixed views on whether CP1388 or CP1395 carried more operational risk in the longer term.

With respects to the BSC Objectives, whilst efficiency can be argued for both changes (Applicable BSC Objective (d) 'promoting efficiency in the implementation of the balancing and settlement arrangements'), the SVG were unanimous in agreeing that CP1388 would not better promote effective competition (Applicable 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') as it would have the most impact on small Suppliers, which the SVG noted would unlikely to be able to afford the changes and running of legacy and smart arrangements. Some SVG Members also thought that CP1395 would not necessarily be much better, as this includes bilateral arrangements with less standardisation, which could increase risks that would impact on small Suppliers and their ability to be competitive. These members point to the IA responses from smaller Suppliers, which support CP1395.

An SVG Member noted that the Smart Energy Code (SEC) and DCC only came into force on 23 September 2013. An SVG Member questioned whether DCC is going to be using the Data Transfer Network (DTN). ELEXON responded that the user gateway (i.e. the interface between DCC users and the DCC, which falls under SEC governance) may or may not use the DTN, but information flows over the user gateway will not correspond to D0149 'Notification of Mapping Details' and D0150 'Non Half Hourly Meter Technical Details' flows. Information exchanges between Suppliers and the DCC will not be in terms of Standard Settlement Configurations and Time Pattern Regimes, which are used for Settlement Meter Advances, although they could be at a future date, if and when registration is incorporated in the DCC. The MOA will only have read access (not write access) to Meters, which means MOAs will be unable to configure the Meters.

The SVG acknowledged that there are a number of unknowns in respect of future changes relating to the use and distribution of MTD. Some of these are being discussed as part of Ofgem's Smarter Markets programme, including the possibility of centralising MTD, removing the need for MTD transfers on change of Supplier and moving elements of Data Processing (including read validation) from the NHHDC to the Supplier. An SVG Member commented that it

may be useful to find out the views of the newly appointed DCC from an investment perspective.

The majority of SVG agreed that both CP1388 and CP1395 solutions may require additional changes to be made in due course. The SVG agreed that it was difficult to determine what the enduring solution will be and the timescales and magnitude of these changes. . The majority of the SVG agreed that CP1388 would require a large step into the unknown based on assumption rather than evidence; whereas CP1395 would only require more minimal changes to be made to utilise existing flows, processes and systems.

The SVG agreed that all arguments had been exhausted in their discussions and in the responses to the IAs. A minority felt that 'no change' was an option but preferred CP1395 if any change was to be implemented. A minority felt that CP1388 was the better solution, fewer than when previously presented to the SVG, and the majority felt that CP1395 was the better solution. It therefore recommended by majority that the Panel reject CP1388 and approve CP1395 for implementation in the February 2015 Release. The SVG did not, reach a unanimous decision and as such, ELEXON will present CP1388 and CP1395 to the Panel at its 10 October 2013 meeting for its decision.

The SVG Members did, however, unanimously agree with the proposed amendments to the BSCPs and SVA Data Catalogues for each change.

The SVG:

- a) **RECOMMENDED** by majority that the BSC Panel rejects CP1388 and approve CP1395 for implementation on 26 February 2015, as part of the February 2015 BSC Release;
- b) **AGREED** that the CP1395 proposed amendments to BSCP504, BSCP514 and the SVA Data Catalogue volume 1 (including those identified in Attachment F of the paper) deliver the aims of CP1395; and
- c) **AGREED** that the CP1388 proposed amendments to BSCP504, BSCP514, BSCP515, SVA Data Catalogue volume 1 and SVA Data Catalogue volume 2 deliver the aims of CP1388.