

# Revised Proposed Implementation Date

## Authority direction to consult on a revised proposed Implementation Date for P272

**ELEXON**



### Any questions?

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### About This Document

This document presents the responses to the BSC Panel's consultation on a revised Implementation Date for P272 and invites the Panel to approve a revised date to be issued to the Authority. ELEXON will present this paper to the Panel at its meeting on 11 September 2014.

There are four parts to this document:

- This is the main document. It provides details of the background to P272 and related industry changes and summarises the views of respondents to the Implementation Date Consultation.
- Attachment A contains the Authority's direction to the Panel to consult on a revised proposed Implementation Date for P272.
- Attachment B contains the revised legal text for the P272 Alternative Modification.
- Attachment C contains the full non-confidential responses received to the Implementation Date Consultation.

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## Overview of P272

Since 6 April 2014, all Meters within Profile Classes (PCs) 5-8 must be an 'advanced' Meter capable of being read remotely and recording Half Hourly (HH) consumption. However, there is no mandate to settle these HH capable Meters on a HH basis.

[P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) was raised by Smartest Energy on 20 May 2011, and proposed to mandate HH Settlement for all Metering Systems within PCs 5-8 from 1 April 2014 (where capable metering has been installed). Suppliers would therefore be required to settle all customers currently within PCs 5-8 that have an advanced Meter installed as HH from this date.

Because the Implementation Date of 1 April 2014 was seen as integral to the proposed solution, the P272 Workgroup developed an Alternative Modification which moved the Implementation Date back one year to 1 April 2015. All other aspects of the Alternative Modification are identical to the Proposed Modification.

At its meeting on 13 December 2012, the Panel unanimously recommended to the Authority that both the P272 Proposed Modification and the P272 Alternative Modification should be rejected ([Panel 206/05](#)). P272 is currently with the Authority for decision.

The Authority issued a [Regulatory Impact Assessment for P272](#) on 29 October 2013. As part of this, the Authority noted a minded-to position to approve the P272 Alternative Modification.

## Authority request for a revised Implementation Date

Under BSC Section F2.11.18, where the Authority considers that the proposed Implementation Date specified in the Modification Report might prevent it from making a decision by reason of the effluxion of time, it may direct the Panel to propose a revised Implementation Date.

On 6 February 2014, the Authority issued a direction to the Panel to consult on a revised proposed Implementation Date for the P272 Alternative Modification. A copy of the Authority's direction can be found in Attachment A. In accordance with BSC Section F2.11.22(a), the Authority has notified the Panel that any revised Implementation Date for P272 should not be prior to 1 April 2016.

In its direction, the Authority recommended that the Panel conducts its consultation "in a way that allows it to provide a recommendation to Ofgem as soon as it is able once there is clarity on the timetable for any relevant changes to the DCUSA". It was understood that the Authority was recommending that the Panel wait until there is more clarity on the anticipated implementation approach for [Distribution Connection and Use of System Agreement \(DCUSA\) Change Proposal \(DCP\) 179 'Amending the CDCM tariff structure'](#) before issuing a consultation on a revised Implementation Date for P272. This would allow any proposed revised Implementation Date for P272 to account for the expected progression and implementation of the DCUSA changes (see Section 2). The Panel accepted this recommendation at its meeting on 13 February 2014 ([Panel 221/04](#)).

The Panel now believes that there is sufficient clarity on the proposed implementation approach for DCP179 and has therefore carried out its consultation on a revised proposed Implementation Date for P272.

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## 2 Related Industry Changes

### DCP179

DCP179 was raised by Electricity North West on 12 June 2013. DCP179 proposes to amend the existing tariff structure within the Common Distribution Use of System Charges Methodology (CDCM) by introducing HH metered tariffs for non-100kW Metering Systems. To enable this, it seeks to introduce new tariffs based on the receipt of HH aggregated data.

DCP179 is proposed for implementation on 1 April 2015.

### P300

[P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)'](#) was raised by Electricity North West on 5 March 2014 to make consequential changes to the BSC to support the proposed DCP179 solution. P300 proposes to split existing Measurement Class E into three as follows:

- Measurement Class E will be renamed to reflect that it is intended for HH current transformer (CT) metered Metering Systems that have site specific Distribution Use of System (DUoS) billing and are not 100kW Metering Systems;
- Measurement Class F will be introduced and is intended for domestic HH CT and whole current (WC) Metering Systems that have aggregated DUoS billing and are not 100kW Metering Systems; and
- Measurement Class G will be introduced and is intended for non-domestic HH WC metered Metering Systems that have aggregated DUoS billing and are not 100kW Metering Systems.

P300 will not mandate Suppliers use these new Measurement Classes, nor mandate the migration to HH metering. P300 only facilitates the DCP179 changes by creating new Measurement Classes for aggregated DUoS billing.

P300 is proposed for implementation on 5 November 2015 if the Authority's decision is received on or before 5 November 2014.

### Interactions between implementation approaches

The P272 Workgroup recommended a lead time for P272 of 13½ months from the point of Authority approval to allow sufficient time for Suppliers to transition their customers ahead of the P272 Implementation Date.

P272 can be implemented at any time, irrespective of when DCP179 is implemented, but without reflective DUoS tariffs P272 would have a detrimental impact on Suppliers and consumers. The solution proposed by DCP179 would remove this barrier, and it would therefore be beneficial to implement P272 after DCP179 has been implemented. However, while DCP179 can be implemented without P300, its benefits will not be fully realised until P300 is implemented and the new Measurement Classes are in place. Therefore, the barriers to the implementation of P272 would only be removed once both DCP179 and P300 have been implemented (currently 5 November 2015 if approved).

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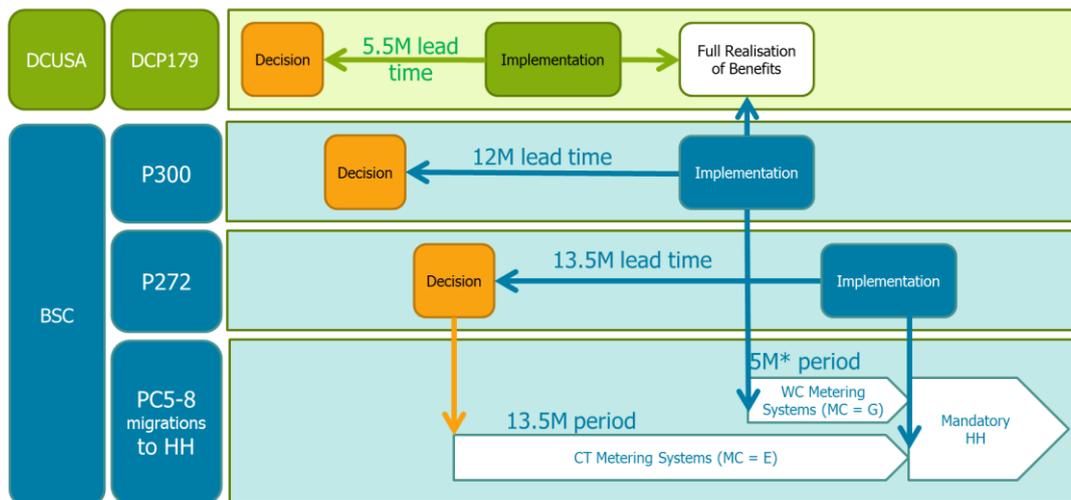
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It is considered that a period of time will be required between the new tariffs being in place and the implementation of P272 to allow a suitable window for Suppliers to transition their customers against the new tariffs.

The below diagram sets out the interactions and lead times based on the decisions for each change being made on the first available cut-off date and the change being implemented on the corresponding Implementation Date for that cut-off date.



Note \* 5M period results from time between P300 & P272 Implementation Dates

### Recommended Implementation Date for P272

We recommend a revised Implementation Date for the **P272 Alternative Modification** of:

- **1 April 2016** if the Authority's decision is received on or before 12 February 2015.

### Revisions to the approved legal text

Under BSC Section F2.11.21, the Panel may also consult on any matters which have materially changed since the Final Modification Report was submitted to the Authority as part of this consultation.

The approved legal text for the P272 Alternative Modification specifies the specific date from which the changes will apply. The references to this date will therefore need to be amended to reflect the revised Implementation Date being proposed. No other changes are required from the version originally approved by the Panel.

The revised proposed legal text for the P272 Alternative Modification can be found in Attachment B and was consulted upon as part of the Panel's consultation.

## 4 Consultation Responses

We received 17 responses to the Panel's Implementation Date Consultation. This section summarises the responses received, and you can find the full non-confidential responses in Attachment C.

Summary of P272 Implementation Date Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Whilst considering the interaction with DCP179 and P300, do you agree with the revised proposed Implementation Date for P272?	10	6	0	1
Do you agree that the draft legal text in Attachment B delivers the intention of the P272 Alternative Modification?	12	1	3	1
Do you have any further comments on P272, or the interaction between the proposed implementation timescales for DCP179/P300 and P272?	13	4	0	0

### Views in support of the proposed date

A majority of respondents agreed with the Panel's proposed Implementation Date of 1 April 2016, with some respondents considering that the implementation of P272 should not be delayed any further. However, a large number of these respondents noted that this date was dependent on DCP179 and P300 being implemented beforehand, and that if either or both of these Modifications were delayed then P272 should also be delayed.

Many of these respondents highlighted that the 13½ month lead time for P272 would be a key requirement in any date proposed. It was also considered that the decision on P272 was expected to be made in November 2014 alongside the decisions for DCP179 and P300, which would give participants a lead time of 17 months.

One respondent noted that the industry has been aware of these changes for a while now and has had sufficient time to mitigate any associated risks associated with the implementation of P272. The Modification was first raised in May 2011, the Authority's consultation issued in October 2013 stated a minded-to position to approve the Alternative Modification and the Authority's direction in February 2014 stated a preference for an Implementation Date between April and June 2016. If P272 is approved for implementation on 1 April 2016 then the industry would have had nearly five years between P272 being raised and it being implemented to prepare.

### Views against the proposed date

Several respondents disagreed with the proposed Implementation Date, with respondents proposing that there should be a minimum of one to two years' lead time between implementation of both DCP179 and P300 and the implementation of P272. One respondent preferred not to approve any revised date for P272 until the final decisions had been made for DCP179 and P300 and the consequential impacts better assessed.

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While the current dates for the three Modifications would allow the full 13½+ months for migrating CT Metering Systems to Measurement Class E, as this can be initiated without DCP179, participants would only have a maximum of around five months for migrating WC Metering Systems to Measurement Class G following the implementation of P300. One respondent highlighted that approximately 92,000 of the 166,000 PC5-8 Metering Systems are WC, and felt that the proposed five month window to migrate these sites was unreasonable. Another respondent noted that customers migrated to Measurement Class E prior to the implementation of P300 would not benefit from the new charging structure at first, which would be detrimental to both the customer and the Supplier.

One respondent noted that when P272 was first raised it was envisioned as a standalone change. It is now being proposed for parallel implementation with DCP179 and P300, which will make the implementation more complex. Another respondent also highlighted the significant volume of regulatory change being undertaken at the moment, and that consideration of the wider impact of implementing P272 needed to be considered.

The general view of respondents that did not agree with the proposed Implementation Date was that any Implementation Date for P272 should be around two years after the later of the DCP179 Implementation Date and the P300 Implementation Date to allow more time for migration.

## Views on other areas

### Views on the single and explicit Implementation Date

One respondent considered that P272 should not be implemented on an explicit date but should be linked to the DCP179 and P300 Implementation Dates. We note that each BSC Modification's Implementation Date must be standalone dates based only on the date of approval for that Modification. Tying the Implementation Date for P272 to that of another change introduces uncertainty into exactly when P272 would be implemented. It would also prevent the Authority from making a decision on P272 before it made a decision on the dependent change, and could prevent the Authority from approving P272 if the dependent change was rejected.

Another respondent proposed a phased approach to implementing P272, such that while the Modification would be implemented on 1 April 2016, Suppliers would have until the end of 2016 to achieve full compliance. This grace period would allow more time for the industry to manage the Change of Measurement Class (CoMC) process prior to full implementation of P272.

We note that it was the intent of P272 to mandate HH Settlement from its Implementation Date, meaning that any participant who is not compliant at this time would be in breach of BSC arrangements. A phased approach was not considered by the Proposer, and the P272 Workgroup did not put such an option forward as its Alternative Modification. The P272 solutions (proposed and alternative) are now fixed, and have been since the Panel elected to submit the Modification to the Report Phase in November 2012. No participant, including the Proposer, nor the Panel or the Authority can make any changes to the agreed solutions except for non-material or clarification changes. The introduction of a phased approach or similar would count as a material change to P272 and so could not be considered at this stage.

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## Views on the impact on contractual arrangements

Several respondents commented on the impact P272 may have on contractual arrangements between Suppliers and customers, and that mid-term contract changes may be required.

These respondents considered that if changes were made mid-contract where a customer had appointed their own agent, the customer may be left with an invalid contract or termination fees should their chosen agent not be HH Qualified. This would also require the customer or Supplier needing to seek new agents, further increasing costs. One respondent noted that their agents it use were not HH Qualified, and so they would need to look to change agents ahead of P272 being implemented.

It was felt that migration should be allowed at the start or renewal time for a contract, in order to allow for the best customer experience, although this would not preclude an earlier migration if the customer wished. However, we reiterate the points above that the P272 Implementation Date needs to be a fixed date in time from which the new arrangements will be in force; there would be no transition period. Therefore this option would not be possible under P272.

One respondent disagreed that P272 would impact on contractual arrangements, noting that the way data is settled is not linked to these agreements between Suppliers and their customers. They consider that any contractual arrangements would remain unchanged until they naturally expire, and any extensions would be negotiated based on the new arrangements. They believe using the argument that customers may not allow a change until it is mandatory is a gross misdirection.

## Views on the PAB transition plans

One respondent noted that should P272 be approved for implementation on 1 April 2016 then the submission deadline for submitting transition plans to the Performance Assurance Board (PAB) should be 31 May 2015, in line with the dates previously put forward. The respondent also suggested that these plans needed to demonstrate to the PAB that the Supplier had consulted with its agents, as they would be engaged in the process, and that all parties involved agreed with the plan. Plans should also cover the volume of Metering Systems involved in each CoMC process.

Another respondent considered that Suppliers would need to submit two plans to cover CT and WC Metering Systems in light of the proposed Implementation Date for P300. We are currently considering this proposal.

## Views on the wider migration to HH Settlement

One respondent considered that the mandating of HH Settlement would remove customer choice, and that transition to HH Settlement should be customer-led. They considered that if DCP179 is approved and implemented, the infrastructure will be present to allow for competition to drive a natural transition through customer uptake of HH products where beneficial to them, without penalising customers who would not benefit from HH Settlement. They therefore consider that P272 should be rejected and the benefits of universal HH Settlement better defined.

The respondent also considers that the benefits highlighted in the P272 Workgroup's cost-benefit analysis would not be facilitated in the current industry conditions, and that these

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would be outweighed by the costs. They consider this detrimental in a time where pressure is being placed on the market to reduce costs.

Another respondent also had concerns with the accuracy of some of the data used in the Authority's Regulatory Impact Assessment, believing the benefits identified to be highly marginal and potentially materially overstated, and that the overall benefits case is highly sensitive to variations in both costs and benefits. They also believe it would be wrong for the Authority to approve P272 without conducting a wider review of the electricity Settlement arrangements.

A further respondent considered that the implementation of HH Settlement in association with the new smart metering arrangements and Data and Communications Company (DCC) data collection and processes would avoid wasted effort and expenditure on temporary solutions based on existing processes.

One respondent also highlighted that these changes come only a short time after the obligatory roll-out of advanced Meters to PC5-8 customers. Messages given to customers by Suppliers could be undermined if this change is rushed, eroding trust in the Suppliers. Changes to charges or charging structures could also have a detrimental impact on the wider roll-out of smart Meters if customers in PCs 5-8 have a negative experience as a result of this change, eroding trust in Suppliers further.

## Views on the proposed legal text

A majority of respondents agree with the proposed amendments to the legal text as a result of the revised proposed Implementation Date for P272. However, they note that this would need to be changed if the Implementation Date put forward by the Panel was different to that which it consulted upon.

One respondent noted that the legal text would need to be changed if a phased implementation approach was adopted and another respondent considered that the text did not support an approach linked to migrating at the point of contract renewal. We refer to our comments on these areas above. A further respondent was unsure exactly which Metering Systems would be captured by P272, and assumed that any PC5-8 sites without an advanced Meter would not be captured. We can confirm that this is the intent of P272.

One respondent disagreed with the proposed legal text for the P272 Alternative Modification. They are concerned that the legal text would mandate the installation of HH equipment and settle all PC5-8 sites HH from the P272 Implementation Date. They have suggested extensive revisions to new Section L2.2.2, new Section S2.6.1A and new Section S Annex S-1 2.2.8A in response to this concern.

We note that the intent of P272 is not to mandate the installation of advance Meters, but to mandate that any site currently within PCs 5-8 that does have such a Meter would be obligated to be settled HH from the P272 Implementation Date. We consider that the current drafting of the legal text gives rise to this intent and that no changes are required. We also believe that the changes proposed by the respondent would materially amend the P272 solution and so could not be made at this time in any event for the reasons given above.

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## 5 Recommendations

We invite you to:

- **APPROVE** a revised proposed Implementation Date for the P272 Alternative Modification of:
  - 1 April 2016 if the Authority's decision is received on or before 12 February 2015;
- **APPROVE** the proposed changes to the legal text for the P272 Alternative Modification; and
- **NOTE** that we will issue the Panel's revised date and legal text to the Authority to replace that originally submitted in the P272 Final Modification Report.

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## Appendix 1: Glossary & References

### Acronyms

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

Glossary of Defined Terms	
Acronym	Definition
CDCM	Common Distribution Charging Methodology
CoMC	Change of Measurement Class
CT	Current Transformer
DCC	Data and Communications Company
DCP	DCUSA Change Proposal
DCUSA	Distribution Connection and Use of System Agreement ( <i>industry Code</i> )
DUoS	Distribution Use of System
HH	Half Hourly
PAB	Performance Assurance Board ( <i>Panel Committee</i> )
PC	Profile Class
WC	Whole Current

### 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	P272 page on the ELEXON website	<a href="http://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/">http://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/</a>
2	Panel 206 page on the ELEXON website	<a href="http://www.elexon.co.uk/meeting/bsc-panel-206/">http://www.elexon.co.uk/meeting/bsc-panel-206/</a>
2	P272 Regulatory Impact Assessment page on the Ofgem website	<a href="https://www.ofgem.gov.uk/publications-and-updates/balancing-and-settlement-code-bsc-p272-mandatory-half-hourly-settlement-profile-classes-5-8-%E2%80%93-draft-impact-assessment-consultation">https://www.ofgem.gov.uk/publications-and-updates/balancing-and-settlement-code-bsc-p272-mandatory-half-hourly-settlement-profile-classes-5-8-%E2%80%93-draft-impact-assessment-consultation</a>
2	DCP179 page on the DCUSA website	<a href="http://www.dcusa.co.uk/Public/CP.aspx?id=201">http://www.dcusa.co.uk/Public/CP.aspx?id=201</a>
2	Panel 221 page on the ELEXON website	<a href="http://www.elexon.co.uk/meeting/bsc-panel-221/">http://www.elexon.co.uk/meeting/bsc-panel-221/</a>
3	P300 page on the ELEXON website	<a href="http://www.elexon.co.uk/mod-proposal/p300/">http://www.elexon.co.uk/mod-proposal/p300/</a>

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