

249/13 - THE BSC PANEL REPORT FROM THE SETTLEMENT REFORM ADVISORY GROUP

MEETING NAME BSC Panel Meeting

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Purpose of paper Decision

Classification Public

Summary The Settlement Reform Advisory Group (SRAG) has concluded its work on investigating improvements to the Settlement process. The BSC Panel is invited to note the SRAG's recommendations. The BSC Panel is also invited to agree that the SRAG be stood down.

1. Introduction

- 1.1 The [Settlement Reform Advisory Group \(SRAG\)](#) was established by the BSC Panel in July 2015 to investigate improvements to the Settlement process. This was building upon the previous work of the [Profiling and Settlement Reform Group \(PSRG\)](#). The SRAG's main objective was to identify short term Settlement changes to better facilitate elective Half Hourly (HH) Settlement for smaller energy usage customers. The SRAG has also investigated the impact of embedded generation on Settlement.
- 1.2 The SRAG has concluded its work and presents its recommendations for Panel review. Its findings are summarised below. The full report is included as Attachment A.
- 1.3 Further work on new technology and the impacts on settlement will now be taken forward as part of the Ofgem work on HH settlement (which ELEXON is supporting). We therefore recommend that the BSC Panel stands down the SRAG.

2. Improved elective HH Settlement process

Conclusions

- 2.1 The SRAG recommends a simplified end-to-end elective HH Settlement process for smart metered customers that includes:
 - improved data transfer processes for smart meter data from Suppliers to their Agents;
 - removal of processes (such as proving and protocol testing) which are not necessary for smart meters;
 - reduced validation requirements for smart meter data and data estimation processes where initial, or replacement data, is required for Settlement; and
 - changes to address potential inaccuracies in the precision used in data flows that contain HH data.

Recommendations

BSC Changes

- 2.2 It is proposed that two Change Proposals (CPs) are raised in early 2016 for implementation as soon as practicable in 2016/early 2017:

249/13 - THE BSC PANEL REPORT FROM THE SETTLEMENT REFORM ADVISORY GROUP

- a) a Change Proposal affecting BSCP502 'Half - Hourly Data Collection For SVA Metering Systems Registered in SMRS' (BSCP502) – to define new processes and requirements for data validation and data estimation; and
- b) a Change Proposal affecting BSCP601 'Metering Protocol Approval and Compliance Testing' – to indicate that this BSCP is not applicable to Smart Metering Equipment Technical Specifications SMETS 1 and 2 smart Meters.

Related Changes

- 2.3 A number of associated changes to Master Registration Agreement (MRA) Data Transfer Catalogue (DTC) flows will be required to support the improved end-to-end elective HH Settlement process (including increased data precision):
 - a) MRA Changes to data flows (D0010, D0003, D0275, D0012) to allow the Supplier to send these flows to other Parties; and
 - b) Changes to data flow items (J0177, J0021 and J0281) and HH Agent Systems – to allow HH metered values to be declared to the nearest Watt hour (Wh) (i.e. to three decimal places).
- 2.4 These changes will require sponsorship under the MRA. ELEXON, working under the Code Administration Code of Practice, will seek to promote these changes and work with the relevant Code Administrators. SRAG members who are parties to the MRA will also promote these changes.

3. SRAG review of the impact of embedded generation

Conclusions

- 3.1 The SRAG recognises that spill from embedded generation is currently an issue for Suppliers and for the accuracy of Settlement. It supports ELEXON's view that that export from embedded generation should be metered and settled.

Recommendations

BSC Changes

- 3.2 The SRAG recommends that a BSC Party raises a BSC Modification to create new Consumption Component Classes (CCCs) for Aggregated HH Export. This will allow aggregated HH export data to enter Settlement for smaller customers (that are in Measurement Class F 'Domestic HH Current Transformer (CT) and whole current (WC) Metering Systems' or Measurement Class G 'non-domestic HH WC metered Metering Systems'). This change will provide for the interaction of the improved HH settlement processes recommended above and the implementation of new Measurement Classes with Modification P300 in November 2015.

Further Review

- 3.3 The SRAG proposes that ELEXON conducts a review of the application of Grid Supply Point Group Correction Factors (GSPGCFs) to HH consumption values. This is to investigate, identify and seek to remove any perverse barriers to elective HH Settlement that maybe caused by embedded generation on GSPGCF.

4. Other SRAG considerations and Ofgem's Open letter on HH settlement

Impacts on Change of Measurement Class/Change of Tenancy and Code of Practice 10 Meters

- 4.1 The SRAG has identified existing improvements to the site visit and security requirements for Code of Practice (CoP) 10 Metering Systems. The report identifies issues relating to the timing of the interactions between Change of Measurement Class (CoMC), Change of Tenancy (CoT) and data collection timescales. It also highlights issues with agency and BSC costs that could impact customers moving to elective HH

249/13 - THE BSC PANEL REPORT FROM THE SETTLEMENT REFORM ADVISORY GROUP

Settlement. We will consider these further following the assessment/ implementation of the above BSCP changes in 2016/17.

Transmission Use of System and Distribution Use of System charging methodologies

- 1.1 The SRAG has recommended that both National Grid and Distribution Businesses look at any related adjustments to Transmission Use of System (TNUoS) and Distribution Use of System (DUoS) charging methodologies. This is in light of the potential increase in the number of customers being settled HH and the impact this may have on the current methodologies for setting charges for NHH and HH customers. The recommendation also takes into account the long lead in periods normally applied before changes can be implemented to Network charges.

Interactions with Ofgem Programmes

- 4.2 The SRAG has recognised the potential interactions with Ofgem's Reliable Next Day Switching Significant Code (SCR) Review work, especially with a new centralised registration service. ELEXON is providing expert support to the review and will work with Ofgem to help identify these interactions.
- 4.3 The SRAG notes the recent Open Letter published by Ofgem on the way forward on HH settlement, including both work on elective HH settlement and a proposal for a Significant Code Review (SCR) on mandatory HH Settlement. Ofgem has recognised the beneficial work of ELEXON and the SRAG in this area and seeks to build upon it. Ofgem has requested support from ELEXON and notified the BSC Panel. The SRAG proposes its outstanding work area on new technology and the impacts on settlement (Work Area 4, see its [ToR](#)) is now taken forward as part of the Ofgem way forward on HH settlement. Therefore, the SRAG recommends to the BSC Panel that it is now stood down.

Interactions with Europe

- 4.4 Finally, the SRAG recommends that consideration must also be given to any interaction with the review of the Imbalance Settlement Period (ISP) by the Agency for the Cooperation of Energy Regulators (ACER) and this has been highlighted in the report and flagged to Ofgem/DECC.

5. Recommendations

- 5.1 We invite you to:
 - a) **NOTE** the report and recommendations of the SRAG;
 - b) **NOTE** that ELEXON will raise the required Change Proposals and MRA DTC changes once the SRAG report has been considered by the BSC Panel;
 - c) **NOTE** that a BSC Party will need to raise a BSC Modification to create new Consumption Component Classes (CCCs) for Aggregated HH Export and that ELEXON will seek a sponsor for the BSC Modification;
 - d) **NOTE** that ELEXON will support BSC Parties on the new elective HH settlement processes and will develop associated guidance and communication in line with the proposed changes;
 - e) **NOTE** that ELEXON will undertake a review of the application of Grid Supply Point Group Correction Factors (GSPGCFs) to HH consumption values when the BSC Modification is raised;
 - f) **NOTE** that ELEXON will consider the impacts of the new elective HH settlement process on CoMC/CoT processes and CoP10 following the assessment/implementation of the above changes in 2016/17; and
 - g) **AGREE** that the SRAG be stood down.

249/13 - THE BSC PANEL REPORT FROM THE SETTLEMENT REFORM ADVISORY GROUP

Attachments

Attachment A – Recommendations of the BSC Panel’s Settlement Reform Advisory Group

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