

CP1452 'Aligning BSCP502 with amendments to the Electricity Supply Licence'



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About This Document

The purpose of this Change Proposal (CP) Consultation for CP1452 is to invite BSC Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1452. The Supplier Volume Allocation Group (SVG) will then consider the consultation responses before making a decision on whether or not to approve CP1452.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the SVG's initial views on the proposed changes.
- Attachment A contains the CP1452 Proposal Form.
- Attachment B contains the proposed redlined changes to deliver the CP1452 solution.
- Attachment C contains the specific questions on which we seek your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish to be considered.

1 Why Change?

Meter inspections

There is currently an [Electricity Supply Licence](#) requirement (Standard Licence Condition (SLC) 12.14-16) for Non Half Hourly (NHH) Meters to be inspected every two years. Ofgem has reviewed the efficiency and effectiveness of the licence requirement. It proposes to repeal the Meter inspection licence condition and has [consulted](#) on this policy position. Ofgem believes that other regulations and policies, including safety obligations and recently enhanced theft detection and billing accuracy obligations, protect consumers with traditional and smart Meters more effectively than the existing inspection obligation.

There is currently a requirement in Balancing and Settlement Code Procedure (BSCP) [502 'Half Hourly Data Collection for Systems Registered in SMRS'](#) to inspect three-phase Half Hourly (HH) Meters every year and single-phase HH Meters every two years.

Smart Meters

The Department of Energy and Climate Change (DECC) has put in place the regulatory framework for the rollout of smart metering. A mandated rollout of smart Meters will begin in Autumn 2016.

The rollout of smart Meters will require Suppliers to replace over 50 million traditional Meters in domestic and small non-domestic sites. Smart Meters will reduce the need for Suppliers to conduct site visits as the Meters will be capable of sending consumption information wirelessly to Suppliers.

Further information on smart metering can be found on the [smart metering](#) page of our website.

P272 migration

Approved Modification [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) will make HH Settlement mandatory for all Metering Systems within Profile Classes (PCs) 5-8 (where capable metering has been installed). P272 is due to be implemented on 1 April 2017.

A significant majority of Metering Systems in Measurement Classes E, F and G have (until recently) been NHH and therefore subject to the SLC 12.14-16 inspection requirements. There will be about 180,000 new Measurement Class E and G Metering Systems when the NHH to HH migration is complete under P272.

Further information on P272 can be found on the [P272 Modification](#) and [P272 Implementation](#) pages of our website.

Related changes

ELEXON raised [CP1261 'Introducing Metering Code of Practice 10 to facilitate smart metering in the HH market'](#) in 2009 to encourage elective HH by introducing [HH Metering Code of Practice \(CoP\) 10](#) and removing a number of other barriers. As part of this CP, Metering Systems in Measurement Class E were exempted from the requirement for yearly inspection visits. Instead a requirement was introduced into BSCP502 to inspect



Measurement Classes

The Measurement Class of a Metering System reflects how it is settled i.e. HH or NHH. There are currently seven Measurement Classes:

- A: NHH metered
- B: NHH Unmetered Supply (UMS)
- C: Mandatory 100kW or above HH metered
- D: HH equivalent UMS
- E: Non-mandatory HH Metered under 100kW
- F: Domestic HH
- G: HH under 100kW for whole current Metering Systems

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Measurement Class E Metering Systems with the same frequency as NHH Metering Systems, as specified in SLC 12.14-16.

BSC Modification [P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)'](#) was implemented on 5 November 2015. This Modification introduced new Measurement Classes for aggregated HH-settled customers (for current transformer and whole current metered domestic, and whole current non-domestic markets). When P300 was approved, we raised [CP1431 'Extend Site Check Exemption to Measurement Classes F and G'](#) to extend the exemption in BSCP502 section 4.1.8 to include Measurement Classes F and G as well as Measurement Class E. This aligned the provisions of BSCP502 with the requirements that P300 introduced and ensured efficiency of the balancing and Settlement arrangements.

What is the issue?

Ofgem has reviewed and consulted on SLC 12.14-16 and concluded that 'health and safety obligations in legislation and industry codes, and recently enhanced theft detection and billing accuracy supply licence obligations, are more effective and proportionate ways to achieve the desired policy objectives of meter inspections'.

Additionally, there is a concern that SLC 12.14-16 partially undermines the smart metering business case. This is because any savings gained through taking remote readings and not having to carry out site visits is reduced by the need for inspection visits.

Ofgem issued its statutory [consultation](#) on the revised licence condition wording on 16 November 2015. A decision on this wording is due to be made in January 2016, with the licence change taking effect from 1 April 2016 if approved.

If the proposed licence change is approved, changes will be required to BSCP502 to remove references to the licence and clarify the requirements for Measurement Classes C, E, F and G.

Proposed solution

ELEXON raised [CP1452 'Aligning BSCP502 with amendments to the Electricity Supply Licence'](#) on 18 November 2015. This CP proposes changes to BSCP502 4.1.8 which will:

- retain the Meter inspection requirements for Measurement Class C; and
- remove the Meter inspection requirements for Measurement Classes E, F and G.

In addition, this CP will remove the reference to health and safety. This obligation sits outside the remit of the BSC, and removing the reference in this instance is consistent with [Ofgem's views](#) that regular inspections are not conducive to risk-based health and safety legislation.

CP Consultation Question

Do you agree with the CP1452 proposed solution?

Please provide your rationale.

[We invite you to give your views using the response form in Attachment C](#)

Proposer's rationale

In order to align the BSC with the proposed SLC amendments, changes are required to BSCP502 to clarify the requirements for Measurement Classes C, E, F and G.

The current BSCP502 inspection requirements were originally intended for 100kW Metering Systems. These Metering Systems represent a greater Settlement risk if they are not subject to periodic inspections, because of their higher metered consumption. As such, we propose that the BSCP502 Meter inspection requirement is retained for Measurement Class C.

Ofgem has put forward [arguments](#) in relation to the health and safety legislation for Measurement Classes E, F and G. It notes that Suppliers are already subject to obligations in health and safety legislation as well as industry codes and that these obligations are risk-based. Ofgem argues that targeting at-risk Meters is likely to be more effective than routinely inspecting all Meters. Therefore, Ofgem believes there is potential duplication between different regulatory requirements. It has also noted the introduction of the [Theft Risk Assessment Service](#) (TRAS) and the ability to identify anomalies through an increase in remote readings and alarms.

We propose that the BSCP502 Meter inspection requirement is removed for Measurement Classes E, F and G. This will reduce the potential duplication between different regulatory health and safety requirements and also reduce the number of site visits required in the future for sites migrating from NHH to HH under P272.

There will be about 180,000 new Measurement Class E and G Metering Systems when the NHH to HH migration is complete under P272. These will represent a significant majority of Metering Systems in Measurement Classes E, F and G. These Metering Systems have (until recently) been NHH and therefore subject to the SLC 12.14-16 inspection requirements. The arguments that Ofgem has made for repealing the inspection requirements for NHH Meters also apply to this category of Meters. This is because the risks that they present to Settlement are proportional to the volume of energy being metered. Proposed redlining

The proposed redlined changes to BSCP502 can be found in Attachment B.

CP Consultation Question

Do you agree that the draft redlining delivers the CP1452 proposed solution?

If 'No', please provide your rationale.

We invite you to give your views using the response form in Attachment C

3 Impacts and Costs

Central impacts and costs

Central impacts

CP1452 will require changes to BSCP502. There are no central system impacts required as a result of this change, and there will be no impact on BSC Agents.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">BSCP502	<i>None</i>

Central costs

The central implementation costs for CP1452 will be approximately £240 (one ELEXON man day) to implement the required document changes.

BSC Party & Party Agent impacts and costs

CP1452 is not expected to impact BSC Parties or Party Agents. However, we seek confirmation of this through this CP Consultation.

CP Consultation Questions

Will CP1452 impact your organisation?

If 'Yes', please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of CP1452 and the CP1452 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.

Will your organisation incur any costs in implementing CP1452?

If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.

We invite you to give your views using the response form in Attachment C

4 Implementation Approach

Recommended Implementation Date

CP1452 is proposed for implementation on **30 June 2016** as part of the June 2016 BSC Systems Release.

A decision on Ofgem's revised licence condition wording is due to be made in January 2016, with the licence change taking effect from 1 April 2016 if approved. As the Electricity Supply Licence takes precedence over the BSC the licence condition changes will be in force from 1 April 2016 even though the required changes to BSCP502 will not take effect until 30 June 2016.

CP Consultation Question

Do you agree with the proposed implementation approach for CP1452?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

5 Initial Committee Views

SVG's initial views

The SVG considered CP1452 at its meeting on 1 December 2015 ([SVG178/06](#)).

ELEXON asked the SVG for its views on the Meter inspection obligations for Measurement Class E Meters. We asked the SVG whether:

- the Meter inspection obligations for Measurement Class E should be aligned with those of Measurement Class C (i.e. the current BSCP502 requirements will apply allowing the CTs to be inspected); or
- the Meter inspection obligations for Measurement Class E should be aligned with Measurement Classes F and G (i.e. no inspections will be required).

An SVG Member commented that the most sensible approach is to remove the mandatory Meter inspections and therefore align Measurement Class E obligations with Measurement Classes F and G.

The SVG agreed that this approach should be included as part of the CP solution and that it will look to reconsider this issue when industry responses to the CP Consultation are presented.

The Panel Sponsor queried whether Meter inspections are being completely removed. ELEXON confirmed that this is not the case. Meter inspections will continue to be carried out on a risk-based approach, therefore customers are still protected.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code (<i>industry Code</i>)
BSCP	Balancing and Settlement Code Procedure (<i>Code Subsidiary Document</i>)
CoP	Code of Practice
CP	Change Proposal
CPC	Change Proposal Circular
DECC	Department of Energy and Climate Change
HH	Half Hourly
NHH	Non Half Hourly
PC	Profile Class
SLC	Supply Licence Condition
SVG	Supplier Volume Allocation Group (<i>Panel Committee</i>)
TRANS	Theft Risk Assessment Service

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	Licence Conditions page on Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions
2	July 2015 Ofgem consultation on the Ofgem website	https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/reforming_suppliers_meter_inspection_obligations_final_0.pdf
2	BSCPs page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/4/?show=10&type
2	Smart metering page on the ELEXON website	https://www.elexon.co.uk/reference/smart-metering/
2	P272 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/

External Links		
Page(s)	Description	URL
2	P272 Implementation page on the ELEXON website	https://www.elexon.co.uk/p272-mandatory-half-hourly-settlement-profile-classes-5-8/
2	CoP page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/codes-of-practice/
3	P300 page on the ELEXON website	
3	CP1431 page on the ELEXON website	https://www.elexon.co.uk/change-proposal/cp1431/
4	CP1432 page on the ELEXON website	https://www.elexon.co.uk/change-proposal/cp1432/
4	Final Ofgem licence condition change proposal on the Ofgem website	https://www.ofgem.gov.uk/publications-and-updates/reforming-suppliers-meter-inspection-obligations-final-proposals?utm_medium=email&utm_source=dotMailer&utm_campaign=Daily-Alert_16-11-2015&utm_content=Reforming%20suppliers%e2%80%99%20meter%20inspection%20obligations%20%e2%80%93%20final%20proposals&dm_i=1QCB,3TQ3Q,F31DPQ,DS9WJ,1
4	TRANS webpage on the Ofgem website	https://www.ofgem.gov.uk/publications-and-updates/supply-point-administration-agreement-spaa-cp15292-theft-risk-assessment-service-implementation-and-cp15295-theft-risk-assessment-service-retrospective-funding
7	SVG178 page on the ELEXON website	https://www.elexon.co.uk/meeting/svg-178/