

## P379 WG Feedback

Feedback on whether the P379 Modification should continue and if any Workgroup members intend to use the P379 solution.

Feedback		
No	Respondent	Feedback
1.	Tom Chevalier	<ul style="list-style-type: none"> <li>• I think the P379 proposed solutions are very complicated</li> <li>• The requirement can already be met through the BSC using the BSCP550 process – although I accept that the BSCP550 has never been refined to cope with a high volume of transactions – although defining some data flows might be a simpler change</li> <li>• The actual need has not been quantified. I have seen no quantifiable evidence that there is desire for this service</li> <li>• The basics of the activity area are unclear – the recent debate about how the energy would be divided up was interesting to watch – after so many meetings this was something rather fundamental</li> <li>• The future Market Wide HH Settlement (MWHHS) arrangements will make these type of service much easier to implement (if justified), so any changes now, may result in nugatory activity</li> <li>• Even if a solution is developed the governance and legislation of any metering behind the boundary settlement meter is unclear – this is all the customers network and equipment and therefore any governance would be through commercial contractual arrangements which are unclear or dependent on a party enforcing. The value of the transactions are going to be so small that no commercial organisation is going to get into a long legal dispute with a domestic customer over a few hundred pounds.</li> <li>• The perceived benefit is financially small for a customer on a single rate tariff today, the move to MWHHS will mean that the boundary supplier will almost certainly not want to offer the same single rate price to a customer using a P379 type service. A boundary point supplier offering a multi-rate tariff means that some of the perceived benefits are devalued, undermining the whole arrangement. The main benefit of this proposal seems to be to exploit the simplicity of the current NHH profiling arrangements, which is what the MHHWS is also seeking to resolve.</li> <li>• The cost of ‘approval’ of behind the meter equipment has not been quantified – the small value of the energy transaction means that the costs would have to be small and/or the volume massive to make the arrangement commercially viable. I have not seen any evidence to justify this happening.</li> <li>• I sense the industry and ELEXON have far more pressing activity to address. The two year ELEXON backlog of changes for example, let alone the changes from faster switching, REC and MWHHS.</li> </ul>

2.	Ashley Tate	I'm writing to express our intention to use the P379 solution. We have been testing demand amongst electric vehicle owners and fleet operators and have significant interest. We already have a number of companies and individuals signed up for a trial, if and when p379 solution is implemented. This will enable the charging of electric vehicles without impacting the drivers home electricity bill. For example in a scenario where the a fleet owner requires a driver to charge an EV at home, p379 would remove any impact on the driver's home electricity bills.
3.	Donna Townsend	<p>I believe P379 should be placed on hold as it relies on Ofgem's work on Mandating HH Settlement (MHHS). P379 will need HH settlement in place to support the complexity of the metering arrangements. MHHS isn't expected to be implemented until 2022-4 and until the solution is identified and implemented, it's impossible to progress P379 efficiently.</p> <p>There is also the matter of the IHD and how it will give signals to the customer if the IHD cannot handle multiple registers from multiple meters (however smart metering is an area I am not too familiar with).</p> <p>Until a solution is identified for MHHS, I believe P379 should be placed on hold. With regards to the question over intention to implement P379, I believe this question is more appropriate for the supplier parties and their agents but we have no plans at the moment to deploy or support P379.</p>
4.	Phil Russel	<p>Personally I share the view expressed by the Panel. I have come to the conclusion that it is a complex process and it is not obvious to me that customers would gain a discernable net benefit.</p> <p>As I am not a Supplier I cannot comment on the probability or extent to which Suppliers would adopt the proposed model. I can see merit in the Panel's suggestion that if Ofgem wish to pursue the multiple supplier model then it has the option to do so via the Significant Code Review route.</p>
5.	Terry Carr	<p>Inline with our discussions yesterday I feel that my company would not be looking to use the P379 functionality prior to the roll out of MWHHS. Currently the industry focus and priorities to deliver MWHHS and Faster Switching is consuming a significant amount of resource and the requirements for P379 would be considered as a lower priority than our core deliverables for the programmes.</p>
6.	Paul Bedford	<p>Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. The assets include Drax Power Station, based at Selby, North Yorkshire, which is the country's single largest source of renewable electricity. Drax also owns two retail businesses, Haven Power and Opus Energy, which together supply renewable electricity and gas to over 350,000 business premises.</p> <p>As an active member of the P379 Workgroup, we wish to underline concerns regarding the complexity of the P379 proposals, which has been reflected in the time taken to progress this modification. Progression of P379 is also dependent</p>

		<p>upon other BSC modifications including P375 'Metering behind the Boundary Point' which itself is still at the Assessment Procedure stage.</p> <p>Proposed changes have been discussed over 12 workgroups to date, with many of the more complex aspects not fully covered including fundamental questions regarding how charges will be fairly apportioned between Primary and Secondary Supplier(s). It has also been identified that a number of additional consequential changes will need to be raised and coordinated across multiple industry codes.</p> <p>During Workgroup meetings, Elexon has underlined that potential changes to BSC systems will be significant. The scope and complexity of change introduces risks to market participants, including to key areas such as billing, hedging and forecasting. The scope and complexity of change is reflected in amendments to the proposed implementation date, which was first proposed for 2020 and is now looking potentially towards November 2022.</p> <p>We have concerns that proposals to date could impose significant costs to the industry with only limited benefits to niche participants. Although there is the potential for realising consumer benefit through increased competition, we have flagged during workgroup meetings that no meaningful impact assessment has been carried out to determine customer appetite and/or tangible benefit versus the cost of developing a solution. It is our view that an impact assessment must be conducted prior to committing continued industry resource as part of a code modification or, given the fundamental change in industry structure that this proposal seeks to deliver, as part of a wider Significant Code Review.</p> <p>We would be happy to discuss any aspect of our response with you further if it would be helpful.</p>
7.	Ian Byrne	<p>IBECCS is a partner in a BEIS-funded project called BankEnergi 3, as part of its Prospering from the Energy Revolution funding stream. Our project is to produce a technological component (a platform) that will facilitate trading between entities owning various energy assets and needing to balance them better with third parties than they can do internally. So, for example, Organization A may have PV generation, but relatively low daytime demand; Organization B may have battery storage but an inflexible demand profile, and Organization C may have greater flexibility in demand, e.g. through significant levels of EV charging. While it may be possible for local area trading to take place with a single supplier to each organization, the work we undertook at a concept stage showed that it would be much likelier to achieve its aims if multiple suppliers were permitted through single meters. While I cannot categorically say that we will use the P379 solution ourselves, I can say that it is highly likely that organizations taking part in local energy trading using the platform will benefit from doing so.</p> <p>Although we can sympathise with the argument that this might be better handled by Ofgem through a Significant Code Review, this would delay our ability to bring a comprehensive platform to the market, and could lower the economic benefits to users of the work that we are currently undertaking as part of the PFER project.</p>
8.	Paul Fuller	<ul style="list-style-type: none"> <li>We don't think domestic consumers have any interest in having multiple suppliers for their household. We haven't seen any evidence that this is of interest to them, market research, surveys etc. History has told us that consumers are interested in simplifying their energy experience – the success of dual fuel billing is a strong example of this. Energy</li> </ul>

		<p>industry insiders often make the mistake of thinking the typical domestic consumer has any real interest in energy beyond being treated fairly, reliability and cost.</p> <ul style="list-style-type: none"><li>• We haven't heard a convincing explanation of how having multiple suppliers will deliver value to consumers and the energy system. All the explanations we've heard of potential secondary supplier business models need to avoid costs that will have to be picked up by other consumers. They need cross-subsidy from primary suppliers to make their business models work.</li><li>• Because we can't think of another way that secondary suppliers can deliver savings to customers, we think the only way there's going to be serious uptake on P379 is if consumers can use secondary suppliers to avoid policy and system costs that have to be borne elsewhere. Ofgem's slides from Workgroup 9 indicate that's the kind of situation they want to create with secondary suppliers not paying any ECO or WHD costs. P379 is going to benefit more affluent customers as they're the ones that can afford PV, EVs etc. So you'll have an unintended consequence where the poorest consumers are cross-subsidising the policy costs of the wealthiest. We don't think such a perverse cross-subsidy would make it through a policy consultation - in the end common sense would win out and secondary suppliers would need to pay their fair share. On that basis, we don't believe any secondary supplier will be able to bring a viable business model to market.</li><li>• The modification has become ridiculously complicated in ways we could (yet another industry counterparty to contract with and pay) and could not (the secondary meters will not reconcile with the primary meters in some circumstances, making reconciling a bills perhaps impossible for the consumer) have predicted. All this complication will lead to costs (system changes, process changes, legal costs, commercial costs, training etc) which would need to be passed onto our customers for what we see to be zero benefit. We have a duty to our customers to avoid passing on unnecessary costs and keep their bills as low as possible. If secondary supply is voluntary, we will put terms in our contracts forbidding secondary supply. We will oppose any initiative to make secondary supply mandatory on the basis that it will impose costs on consumers in return for zero benefit.<ul style="list-style-type: none"><li>○ Note, our criticism of the modification is not a criticism of the workgroup, who have done sterling work to unpick the various issues with the proposal and develop workable solutions. Rather the proposal itself was flawed in its assumption that increasing the number of suppliers at a meter point by a factor of two, three or four wouldn't make settlement much more complex.</li></ul></li><li>• One of the goals of P379 is to foster 'innovation' as if innovation is an intrinsically good thing. Installing hundreds of high emission diesel generators to avoid Triad costs was an innovation but one Ofgem judged to not be in the interest of consumers. The regulator has a duty of care to foster innovation that delivers real benefits for consumers as a whole, not innovation for innovation's sake. A fundamental change such a P379 should not have been allowed to progress in the absence of Ofgem forming a policy about whether having multiple suppliers benefits consumers.</li></ul>
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9.	Lindsay Biginton	<p>We agree with the concerns held by the BSC Panel around the complexity of the solution being developed.</p> <p>Utilita have been supportive of the development of this solution however as the solution has started to crystallise it has become clear that Utilita would not make use of the P379 solution, the complexity in implementing and the cost of operating P379 would not add value to our customers at this time.</p> <p>The P379 solution will have an impact on other codes (namely the REC), and will require changes to the Central Switching Service (CSS) design, to include the ability to record and validate against Secondary Supplier information. All Suppliers will need to make changes to their acquisitions processes and systems as a result of the this change, regardless of whether we are choosing to make use of it. We believe both of these are unintended consequences from the initial scope of the concept. Therefore, the consequential changes of P379 would be substantive and costly to implement; therefore we agree that due consideration needs to be given to how many parties are anticipated to make use of this change.</p>
10.	Mark Earthy	<p>I've been away, and only just picked up your email below, so please forgive the rather rushed reply. I'm replying mainly on behalf of the P&amp;T Community Energy Scheme. To avoid any doubt, our scheme would use P379 solution when it is introduced.</p> <p>We would be very concerned if P379 was put on hold or abandoned. Given the features of our scheme, which we believe are shared with other schemes, it is very important that we are able to separate out our members' imports and exports, and possibly choose different licensed suppliers for each, and getting the best price for each. If we have to stick to the Supplier Hub model, there is no guarantee that we'll find a supplier sympathetic to the aims of our scheme to combat energy poverty in our area, let alone give us the best prices for imports and exports.</p> <p>We would be very concerned if P379 is abandoned. If it is, we shall certainly be asking questions to Ofgem and through our local MP was to why in the era of smart grids and local sustainable energy, innovation is being stifled because of the restriction placed by a 20-year old code that is well past its prime, and arguably no longer fit for purpose.</p> <p>I'm happy to elaborate on this, but I'm on holiday from tomorrow until March 10<sup>th</sup>.</p> <p>Please use this email as a case of a Workgroup member who intends to use the P379 solution.</p>

11.	Dermot Hearty	<p>Please find our brief views below upon Panel concerns and questions raised to workgroup members. We very much support further progression of P379.</p> <p>While it is certainly true that the workgroup have required significant time and resource to reach the current position and status it is our view that the effort has been very worthwhile. We are confident that the proposed alternate solution approaches to address P379 objectives are now well understood and are achievable both at the retail market model and at energy settlement processes. The risks attached to such change are very familiar to market participants who will be impacted by such change and will be managed similarly and effectively.</p> <p>The solution options are not over-complex but do indeed provide opportunity to provide further competition between suppliers at the market, opportunities to small generators at the market and encouragement at consumers to pursue HHS, time of use tariffs and tariff comparisons – all positive signposts towards achieving climate change mitigation objectives – the likely persisting hot agenda item that will gather further momentum over time no doubt.</p> <p>Service providers will develop at the market who will serve to navigate, simplify and illuminate the perceived or any actual increased level of complexity arising across processes or between stakeholders. Our own interest at P379 is as an intended provider of new services to market and provider of our extended/refined HHDC and possibly HHDA services to market.</p> <p>We are pursuing development of an integrated web based platform that will serve to join all of the stakeholders at all flexibility offers that are and will be available at the market going forward – servicing both the providers of flexibility and their contracted customers/partners. Our integrated portals will accommodate all of the primary supplier, secondary supplier, generator and consumer agreements and relationships that will be identified as candidate for management and assurance at any final specification of the Customer Notification Agent role delivered at P379. We will also refine our existing HHDC solution to interface with our CNA solution and to address all new requirements upon the HHDC arising from P379.</p>
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12.	Tabish Khan	<p>P379 is a change that could lead to a fundamental restructure of the existing supplier hub model, with impacts on customer communication and billing – issues that sit outside of the BSC.</p> <p>If a P379-type model is to be explored further then it should be via an Ofgem significant code review (SCR). An SCR would be able to tackle both the changes that impact customers and those that impact industry central systems – including those that affect codes other than the BSC, rather than BSC central systems in isolation as P379 proposed.</p> <p>While I strongly support enabling innovative business models, the P379 solution appears to be an overly complex and extremely costly change. Given I have seen very little demand for multiple suppliers at a meter point, beyond niche cases, a large and expensive change does not feel proportionate or in consumers’ best interests.</p> <p>If another proposal should arise that would enable multiple suppliers at lower cost I would be happy to contribute towards developing said solution. However, as previously mentioned, an Ofgem SCR would be a better vehicle for progressing such a change. Given Ofgem is looking at wider reforms on the future of retail energy supply, any potential meter splitting solution would better sit within Ofgem’s wider work programme.</p>
13.	Colin Prestwich	<p>I think I can safely say that SmartestEnergy will not be taking advantage of the P379 functionality, whatever that may be!</p> <p>I do, however, think that the Panel should let the IA go ahead so they can then see the costs. Without that, the interim report will not address their concerns.</p>
14.	Reg Platt	<p><b><u>My comments:</u></b></p> <p>Emrgnt is an innovator at the retail end of the energy market (see end of comments) and the P379 reform process has been of interest to us. I have been involved personally in the P379 process and have had constructive ongoing engagement</p>

with the team Elexon alongside on associated issues. That said, since it's conception, I felt P379 was both problematic from an industry operations/customer equity perspective, and unattractive from a customer offer perspective, and the process has not dispelled these concerns. I struggle to see substantial market betterment coming from implementation of 'meter splitting', certainly none that are commensurate with the amount of work that seems to be required to get it implemented.

**My main concerns in turn:**

1. A discretionary solution that will exclude 4 million of the most vulnerable customers

I could never see how P379 could work technically with prepaying customers, since the established prepay billing mechanism requires customers to be charged a single tariff from a single supplier at any one time. To implement the solution for prepay customers would require, at least, a major rewriting of the SMETS requirements at huge cost. The supplier interactions with prepay cash collectors like PayPal / Payzone would be incredibly complicated. I am not 100% up to speed on Elexon's investigations into these problems – but fundamentally doubt that there is a cost effective solution for providing meter splitting to prepay customers, meaning 4 million of the UK's most vulnerable customer would not be able to benefit from this reform. I see this inequitable outcome as reason alone to not implement the reform.

2. Unlikely to be attractive to customers

The central idea of enabling multiple suppliers to a single customer seems to be in direct contrast to what we have learnt about customer preferences in the decades since liberalisation. Every customer originally had a separate supplier for gas and electricity – but they voted with their wallets and overwhelmingly chose a single supplier offering dual fuel. I have seen no evidence that customers want multiple suppliers to their household, and instead see this much more as a solution that some in the industry are interested by, rather than customers.

The idea for the MOD seems ultimately to have been about enabling license exempt renewable suppliers to supply across the distribution system, without needing to partner with a supplier. With this option now deemed technically/legally impossible I do struggle to see the point of the MOD.

*Background on Emrgnt*

		Emrgnt designs, funds and operates intelligent, local energy systems, bringing together local generation, distribution, storage and supply, to cut costs for property owners and occupiers. We work with major property companies and councils, operating with the license exemption framework.
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