

Change of Supplier Expert Group (COSEG) - metering subgroup

Minutes of the meeting of the COSEG metering sub-group	From Date and time of Meeting Location	Ofgem 19 November 2013 9:30-12:30 Ofgem, 9 Millbank
--	--	--

1. Introduction

1.1. Ofgem explained that that aim of the meeting was to continue the review of the blockers to an efficient change of supplier (COS) meter read process. Where appropriate, proposals should be addressed now through existing industry change control arrangements. Where this was not possible, Ofgem would consider consulting on proposals in its March 2014 consultation on improvements to the COS process.

2. COS meter read arrangements for smart electricity and gas meters

2.1. The group reviewed a draft letter from Ofgem to the Balancing and Settlement Code (BSC) Panel requesting that it initiates a review of the proposals to amend the COS meter read arrangements for smart electricity meters, recommended by COSEG and its subgroup. One attendee said that the appropriate forum under the BSC would be an Issue Group but that the Issue would best be raised by a party to the BSC. Ofgem said that it would address the open letter to industry parties, including the BSC Panel and invite a party to the BSC to raise a topic for an Issue Group to assess.¹ The group suggested asking the Issue Group to provide a plan of action to Ofgem once it had been formed and a progress report in March 2014. The group asked that the letter make explicit reference to the Issue Group assessing exceptions, for example in the event that the smart meter communications are not working correctly.

2.2. Ofgem said that equivalent outcomes should also be considered for the gas industry to promote harmonisation and efficiency. The group advised that Ofgem should write to the Uniform Network Code Panel and the Supply Point Administration Agreement Executive Committee to ask them to undertake a review.² One attendee noted the importance of coordinating developments between gas and electricity and that, had the Smart Electricity Code (SEC) Panel been at a later stage of its development, this issue would have been better discussed through that route.

3. COS meter read arrangements for electricity customers with Automated Meter Reading (AMR) or traditional meters

3.1. Ofgem summarised current views on COS meter reading dependencies across non-smart meter types. The group reiterated that the arrangements for existing Half-Hourly (HHly) customers work relatively efficiently and do not require reform. It was acknowledged that if P272 were accepted, current Non-Half-Hourly (NHHly) AMR customers in profile classes 5-8 would move into the HHly group. However attendees were doubtful over whether it would be possible to replicate the efficiency of the

¹ This letter has since been published: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-reforming-change-supplier-cos-meter-read-process-smart-electricity-meters>

² This letter has since been published: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-potential-reforms-change-supplier-cos-meter-read-process-smart-gas-meters>

current meter agent arrangements for existing mandatory HHly customers for the additional volume of profile class 5-8 customers.³

- 3.2. Ofgem explained that following a number of discussions with stakeholders, reform proposals had been developed to support COS meter reading for AMR customers. These proposals had also been developed to address the dependencies which exist in the COS meter reading process for customers with traditional meters. For both groups, a central metering database was identified by Ofgem as a potential means of addressing the data dependencies that exist for interpreting, validating, or deeming a CoS read.

Central metering database

- 3.3. Ofgem discussed the idea of a central metering database to hold Meter Technical Details (MTD) and historic meter read data for AMR⁴ and traditional meters in order to avoid the need to transfer these details between agents at COS.
- 3.4. The group commented that holding consumption history centrally may be costly and the value of doing so would need to be tested through a cost benefit analysis. They noted that there is an existing mechanism to obtain data for settlement without needing consumption history – in the event of a communications failure for mandatory HHly sites it is possible to use a default EAC, which is usually based on a contract quote. It could therefore be possible to develop this arrangement for AMR meters. It was acknowledged that deeming reads based on consumption history is likely to be more accurate. One attendee suggested that other advantages of centrally holding consumption data were that customers could make it available to potential suppliers to improve the quality of contract tender responses. This would mirror the approach in gas. Another noted that if consumption data was held centrally, then rules would be required to define how this data would be accessed and by whom.
- 3.5. The group felt that as a result of an associated interoperability issue, some MOPs might have concerns about a central database. The interoperability issue was described as follows. In both the HHly and AMR electricity markets, communications are generally arranged through the Meter Operator (MOP) (although in some cases in the AMR market they may be arranged by the DC). One key difference in the AMR market is that there are fewer customer appointed MOPs, so a change of MOP is much more likely to occur on change of supplier. Equally, the arrangements for novating communications contracts between MOPs are not established for AMR metering in the same way as they are for HH metering. These factors can lead to the old MOP continuing to pay line rental for the new supplier/agent's use of the communications network on CoS, without having a means to recover those charges. The consequence is that existing MOPs can be reluctant to provide MTDs to the new supplier on change of supplier until the communications contract has been migrated. Some participants were concerned that by holding MTDs centrally, existing MOPs would have reduced leverage to recover charges. Whilst the use of MTDs in this way is not in line with the BSC, it illustrates the lack of commercial incentives MOPs have to provide information to the new supplier/agents, and the difficulties in migrating SIM contracts. One attendee suggested an appropriate solution could be a licence condition on suppliers to pay for services provided by agents.
- 3.6. Ofgem noted that for traditional and AMR meters, whilst a central metering database could address the data dependencies, different reforms would be needed to address

³ This group is distinct from AMR customers in current profile classes 3 and 4 that had opted out of the DCC arrangements, as they were not covered by P272.

⁴ The group noted that in the event P272 is accepted, it would not be necessary to hold consumption history centrally for profile classes 5-8. This is because consumption history is not necessary for validating or deeming reads in the HHly market.

remaining issues around agent appointment. Equally a central database would not in itself support greater interoperability.

Agent appointment

- 3.7. Ofgem explained that if a central metering database were created to limit the need to transfer data between agents at change of supplier, agents would still need to be appointed to facilitate the read. The appointment process itself has been cited by some stakeholders as a potential drag on the COS meter read. Ofgem suggested that one reform route might be to streamline the agent appointment processes, such that appropriate agents could be appointed quickly to facilitate meter reads. One attendee noted that if all flows happened as quickly as they could, the agent appointment (and data exchange requirements)⁵ for COS could each happen in a day. They noted that to meet settlement requirements, the key target date for the new Data Collector (DC) to obtain and validate a meter read is Supply Start Date (SSD) + 8 working days.
- 3.8. The group agreed that some of the timescales for agent appointment need to be reviewed.⁶ For example, it was not clear why DCs are required to be appointed by SSD but MOPs are not. Nor was it clear why a 20 working day timeframe has been allowed for MOP appointment. The group discussed whether the BSC should contain the maximum timeframes for appointment (ie to allow for exceptions) and demand higher standards through contracts, or to include target times that should be hit in the majority of cases. One suggestion was that the timescales for appointing new agents is an issue for the new supplier to address through its contracts. It was suggested that to promote interoperability, the focus should be on tightening the rules on the old supplier's agents.
- 3.9. Under current arrangements suppliers are not precluded from appointing agents during the objection window. Some suppliers explained that they valued the option to appoint during the objection window and others had a preference for appointing after the objection window to avoid the need to deappoint in the event of an objection. In thinking about future timescales for appointing agents, one attendee felt that suppliers should be able to determine how to appoint and interact with their agents, with Ofgem and industry's focus being on removing barriers which could prevent suppliers from doing so efficiently.
- 3.10. Ofgem suggested that for traditional meters, the need to appoint a DC ahead of a COS meter read could be avoided by the new supplier contacting the customer for a read (which was common practice), and the new supplier being given the option to validate the opening read (but not subsequent reads) rather than the DC. The group was split on whether it would be appropriate to allow the new supplier to validate the opening read. Those against felt that it was likely to lead to problems later down the line when the new DC took over responsibility.

4. Interoperability issues for electricity AMR meters

- 4.1. Interoperability was acknowledged as an ongoing problem in the NHHly AMR market and attendees' experience has been that NHHly meters are often exchanged on COS as a result of interoperability problems. This was not considered to be an efficient approach but reflects the importance of having working arrangements and the relative value of the meter compared to the contract. The economics of the AMR market has meant that some group members support reform in this area to negate the need to exchange the meter on COS.

⁵ Please note that more stringent requirements on timely data exchange could also help to mitigate the impacts of data dependencies where they exist.

⁶ Please note that faster agent appointment and data exchange for NHHly meters has since been raised by industry through Change Proposal 1405: <http://www.elexon.co.uk/change-proposal/cp1405/>

- 4.2. Whilst interoperability issues should not prevent a CoS meter read (in as far as the meter could be read as a traditional meter would be), interoperability problems could limit the additional efficiency advanced functionality could offer in the process. Ofgem identified two interoperability issues for electricity AMR meters. The first was the potential incompatibility of the preferred DC/MOP (head-end software, and the contracts held with communications providers) with the meter hardware (outstation type and communications SIM card). The second problem identified was the potential need for the new MOP to reconfigure the meter on COS to enable to new DC to interpret the read, in turn requiring the transfer of level 3 reconfiguration passwords from MOP to MOP on COS.

Streamlined agent appointment + improved agent/meter information

- 4.3. The group discussed the potential incompatibility of preferred DCs with meter hardware. Ofgem questioned whether a streamlined agent appointment process might be one solution, such that interoperability problems could be avoided through the swift appointment of appropriate agents. Stakeholder's views on streamlined agent appointment are summarised above (paragraphs 10-13). In addition, Ofgem explained that for an efficient process, suppliers would need to have access to sufficient information on meter hardware and existing agent/communications provider identities to make an informed decision about which agent to appoint to facilitate reads. Whilst in the electricity market, the identities of agent/communications providers used by the previous supplier are held on existing dataflows,⁷ Ofgem questioned the ability of the new supplier/agents to get sufficiently comprehensive details of outstations to inform agent appointment. The group explained that whilst ECOES contains a lot of metering information, it does not include comprehensive outstation details. Some supplier practice was therefore to reappoint the existing DC/MOP/communications provider and to make any further changes later. However, appointing existing agents can add time and cost to the process if the supplier does not have an existing contract with that agent/communications provider. Some attendees suggested that creating a contract with an agent/communications provider is a one-off cost for a supplier as future contracts should be quicker and easier to agree once the initial contractual relationship is set up. The group felt there should need to be an assessment of the costs and benefits of including further data on outstations within any centrally held database relative to the inefficiencies of the current process.

A 'common solution' for AMR meters

- 4.4. An alternative posed by Ofgem was the idea of a 'common solution' for managing the communications for all AMR meters, performing a function akin to the Data and Communications Company (DCC). A common solution could have head-end software compatible with all of the outstation types, and could hold all of the communications provider contracts for all of the AMR meters. There was concern among the group that this 'common solution' would have difficulty negotiating licensing agreements for use of all of the relevant types of head-end software, at reasonable rates. The group considered that as a whole this would be a costly solution. The group felt that the issues would be better addressed through streamlining agent appointment rather than introducing a common solution.

⁷ When a new supplier's registration is accepted by MPAS, MPAS automatically send a D0260 to the gaining Supplier which will include the IDs of the DC, MOP and DA agents used by the previous Supplier. Communication provider's identities are held in the D0313 for NHHly meters.

Resolving the level 3 access password dependency

- 4.5. No standards currently exist around meter configuration in the NHHly market. This means that in some cases, new DCs are not able to interpret the data on meters because they do not understand the existing meter configuration. The level three access password allows reconfiguration of the meter and attendees confirmed that, in the event the new DC is having difficulty interpreting the data from the meter, the meter is generally reconfigured on COS so that the new DC can read it. To reconfigure the meter, the new MOP requires a level three access password from the old MOP. Not all AMR meters are remotely configurable however and it was acknowledged that this password would not always be necessary on COS. Following a query from Ofgem, the group agreed that in the event of P272 being accepted, a reconfiguration password would never be necessary for COS for profile classes 5-8 because the half hourly data could be used for the COS read/billing in the event that the MTDs are incorrect and a register read cannot be taken.
- 4.6. For any meters not settled half hourly, the dependency could be alleviated by holding level three access passwords in a central database along with other MTDs. Ofgem asked the group whether there would be any security concerns associated with this. Ofgem noted that Electralink do have copies of data flows which may contain the current version of these passwords and questioned whether this might also be a security concern but the group agreed that because this data is not sent frequently there is no way of knowing whether the passwords are still valid. The group was therefore not concerned that this presented a security risk. Alternatives to holding the level 3 access password centrally could be requiring more comprehensive MTDs or swift MOP appointment and requirements on the old MOP to quickly transfer the level three password in advance of COS. Please note that a further alternative discussed in the Issue 46 group was introducing meter configuration standards into the AMR market.⁸
- 4.7. The group confirmed that some AMR meters did not hold meter history so could not be relied upon to store and provide the COS read at a later date.

5. COS meter read arrangements for smart gas meters, daily metered (DM) sites and traditional gas meters

- 5.1. The group discussed the data dependencies for gas meter types. Ofgem explained that in the gas market, Xoserve already acts as a central database and is able to deem reads where an acceptable reading has not been received in the prescribed timeframe. Due to the different market structure there are also fewer agents to appoint. Meter Reading Agents (MRAs) still play a role but generally work for a supplier/shipper and read the meters in that supplier's/shipper's portfolio, rather than being appointed on an MPRN-by-MPRN⁹ basis.
- 5.2. These factors suggest that structural dependencies are limited for traditional and smart gas meters.¹⁰

⁸ For further discussion of this, and other relevant interoperability concerns, please see: <http://www.elexon.co.uk/smg-issue/issue-46-non-half-hourly-interoperability/>

⁹ Meter Point Reference Number

¹⁰ It has been suggested that some dependencies do exist as a result of data quality issues. We understand that MAMs are required to confirm asset data in response to appointment flows, but that the intention of this transfer is to act as a further check on centrally held MTDs, predominantly due to concerns with the quality of data held centrally. Data quality concerns in gas were raised by stakeholders early on in the project and the Summary of findings of the Change of Supplier Expert Group (<https://www.ofgem.gov.uk/ofgem-publications/84903/cosegsummary.pdf>) explains that the new gas performance assurance framework under the UNC was considered by COSEG to be the most appropriate place to address these issues, alongside any data quality workgroup. The ability of Xoserve to deem a read in gas should further support the progression of a transfer where there are problems obtaining a read.

- 5.3. Gas DM arrangements were felt to be working relatively efficiently. The group identified the likely transfer of some sites from the NDM to the DM market as a result of Project Nexus. The group suggested that the DM arrangements should be stress tested to establish whether they would be fit for purpose for higher volumes and any different customer requirements and characteristics.

6. Interoperability issues for Gas AMR COS meter reading

- 6.1. As with electricity, interoperability was acknowledged as an ongoing problem in the AMR market. Whilst interoperability issues should not prevent a CoS meter read (in as far as the meter could be read as a traditional meter would be, or deemed by Xoserve), interoperability problems could limit the additional efficiency advanced functionality could offer in the process. As in the electricity market, inefficiencies can be caused by the potential incompatibility of the preferred AMR service provider¹¹ (their head-end software, and the contracts they hold with communications providers¹²) with the meter hardware (meter type and communications SIM card). Unlike in the electricity market, there is no password requirement for reading and reconfiguration. Whilst this means that existing dependencies are more limited, there is also a question about whether passwords are necessary to ensure that meter reads are sufficiently secure in the gas AMR market.
- 6.2. The group discussed the potential incompatibility of preferred AMR service providers with meter hardware. The group explained that in gas the existing AMR service provider is often the only agent with the ability to communicate with the meter hardware to read the meter. As a result the focus is generally on replacing the hardware, appointing the existing AMR service provider, or treating the meter as a dumb meter.

Streamlined agent appointment + improved agent/meter information

- 6.3. Ofgem explained that, as in electricity, one solution to this problem could be to streamline the appointment processes for AMR service providers. In addition, it would be necessary for suppliers to have access to sufficiently detailed information about the meter hardware and the existing AMR service provider to allow them to identify and appoint an agent capable of reading the meter.
- 6.4. On streamlined appointment, Ofgem explained that lengthy appointment timescales have been reported in cases where the supplier/shipper does not have a pre-existing contract with that provider. The group suggested that one solution might be for suppliers/shippers to have improved default contracts with different AMR service providers so that a contract could be quickly agreed for a new meter point. The group also suggested that fast appointment may be more challenging in gas where it was suggested that supplier's ability to influence AMR service provider timelines may be more limited.
- 6.5. In terms of sufficient information being available on meter hardware and compatible AMR service providers, the group discussed the current ESTA database. This database is voluntary and attendees explained that whilst most AMR service providers are a party to this central database, not many suppliers are making use of it. The database contains information about who the AMR service provider is for a metering point, and some details about meter hardware. However, attendees considered that it may not contain the full range of information necessary to facilitate an efficient process. Ofgem also questioned whether more formalised governance procedures might support data quality and use of the database.

¹¹ The commonly used term for the MRA in the gas AMR market.

¹² In gas communications provider contracts are arranged by the AMR service provider.

6.6. There was a discussion about the role of any central registration service relative to a more formalised/comprehensive ESTA database, and one suggestion was that for each AMR MPAN, a central registration service could hold information on the associated AMR service provider and owner. To facilitate this it was envisaged that the AMR service provider would be permitted to populate the database with contact details.

A 'common solution' for AMR meters

6.7. Ofgem explained an alternative option – to have a 'common solution' for managing the communications for all AMR meters, performing a function akin to the DCC. The common solution could have head-end software capable of communicating with all data logger types, and could hold all of the communications provider contracts for all of the meters. As with electricity, attendees appeared to have greater concerns with this approach than with streamlining agent appointment. Attendees explained that the head-ends in gas are very different from one another and that licences are needed for use of the software to communicate with meters. Attendees were concerned that the relevant parties may not be willing to sell these licences for use in a common solution at a reasonable price.

Passwords

6.8. Attendees agreed that if it were possible for meters to be damaged through reconfiguration, it might be necessary to implement some requirements around passwords in the AMR gas market.

7. Debate over the need to reform gas and electricity AMR arrangements

7.1. As part of the discussion on the different options for resolving dependencies for AMR meters, attendees also questioned the extent to which it was necessary to resolve dependencies at all for this group of customers. It is understood that most suppliers/shippers currently take physical reads at COS for AMR meters (either directly or via the customer). Some felt that, particularly given the type of customers in the AMR market, it would not be necessary to reform this approach. It was suggested that since most AMR customers are non-domestics, they would generally be on fixed term contracts and would arrange to switch months ahead of their pre-determined contract end date. Ofgem directed attendees towards the consumer research undertaken on behalf of Ofgem by Collaborate Research¹³ and emphasised that whilst many customers do give significant notice ahead of a preferred switch date, this is not true for all customers. Those on deemed contracts, for instance who have just moved into new premises, could see significant financial benefits from faster switching. Attendees felt, among other things, it would be worth posing questions on the value of reform in different areas in the Spring 2014 consultation.

Appendix 1 – attendees

Tom Chevalier	AMO
Martyn Edwards	SSE
Martin Hewitt	ENA
Glenn Sheern	E.ON
Kevin Woollard	British Gas
Paul Saker	EDF

¹³ <https://www.ofgem.gov.uk/publications-and-updates/non-domestic-consumers-and-change-supplier-process-qualitative-research-findings>

Gareth Evans	ICOSS
Andy Baugh	RWE Npower
Lorna Mallon	Scottish Power
Jon Spence	Elexon
Ted Hopcroft	PA Consulting (supporting Ofgem on COS project)

Ofgem: Andrew Wallace, Nigel Nash, Rachel Hay