

Elizabeth Lawlor
REC Change Panel Chair
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1 December 2022

Dear Elizabeth,

Authority decision to send back Retail Energy Code (REC) Change Proposal (CP) R0015 'Remote communication obligations for electricity Advanced Meters' and direct additional steps in accordance with paragraph 22.4 REC Change Management Schedule

At its meeting on 10 August 2022, a majority of the Metering Expert Panel (MEP) considered that the business case for approving R0015 had not been made, and therefore decided to reject the CP. On 24 August 2022, we¹ received an appeal against a REC Metering Expert Panel (MEP) decision on R0015.²

As the MEP's decision did not align with the Code Manager's recommendation, the Code Manager appealed the decision to the Authority.³ In accordance with paragraph 22.3 of the REC Change Management Schedule, it is for the Authority to determine whether to approve or reject the Change Proposal, subject to the provisions of paragraph 22.4. In this instance the Authority has decided to exercise its send back powers under paragraph 22.4 of the REC Change Management Schedule.

Background

Currently, neither the Balancing and Settlement Code (BSC) nor the REC state that the provision of remote communications to any Supplier Volume Allocation (SVA) Metering Systems should include a requirement that they are maintained and working. As a result,

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA

² R0015 was deemed to meet the criteria for a Self-Governance change path, with the final decision being the responsibility of the MEP.

³ In accordance with Paragraph 22.2 of the REC Change Management Schedule.

there is not a requirement for Energy Suppliers and/or Metering Equipment Managers (MEMs) to ensure that Advanced Meters have working remote communications.

The Code Change and Development Group (CCDG)⁴ made recommendations to ensure a smooth and efficient transition to Market-Wide Half-Hourly Settlement (MHHS) in its consultation on the Transition Approach.⁵ One of those recommendations was to move Current Transformer (CT) Advanced Meters to settle Half-Hourly (HH) by October 2023. This recommendation has been progressed as modification P432 to the BSC.⁶ In addition to this, the CCDG recommended that the mandatory Change of Management Class (COMC) activity should be supported by an obligation to ensure that remote communications are fitted and working, for CT Meter Point Administration Numbers (MPANs) by October 2023, and for all Advanced Meters by October 2024.

BSC Modification P432, as proposed, requires all new connections for CT Advanced Meters to settle HH from 29 June 2023 or 3 months following Ofgem's decision on P432, and existing connections from MHHS Milestone 14 (currently February 2025). Migration activity under BSC modification P432 is only applicable to CT Advanced Meters with supported remote communications.

R0015 seeks to introduce an explicit obligation for the requirement to have continuous active remote communications for Advanced Meters. The Association of Meter Operators (the Proposer) put forward an implementation date of 28 February 2023 for CT Advanced Meters, and October 2024 for all Advanced Meters. This would see active remote communications in place ahead of the CoMC activities proposed in BSC modification P432.

We have considered the views represented in the consultation responses and in discussions at the MEP. Two respondents mentioned that they did not agree with the proposed implementation date for CT Advanced Meters, from no later than 28 February 2023 and Whole Current (WC) Advanced Meters, from no later than 30 September 2024. One reason for this was the view that the obligation for CT meters to be migrated to HH should not be as early as 28 February 2023 and should instead be aligned with the MHHS Programme timeline. Further to this, there were concerns shared that there would be more lead time required to complete activities in order to meet the obligation set out by R0015. Some responses advised timescales as low as 1 month to prepare for this obligation, others as long as 18 months.

⁴ [Code Change and Development Group \(CCDG\) - Elexon BSC.](#)

⁵ [CCDG Consultation on Transition Approach for MHHS - Elexon BSC.](#)

⁶ [BSC Modification P432.](#)

We have not been provided with sufficient evidence that the proposed timescale for R0015 is necessary. We note that the original timescale for P432 (which proposed for CT new connections to settle HH from October 2022, and CT existing connections from April 2023) has now been re-assessed by the BSC working group, and new dates have been proposed as set out above. Additionally, it is unclear how much lead time would be required for parties to be prepared to fulfil this obligation. Consequently, in accordance with paragraph 22.4 of the REC Change Management Schedule, the Authority is sending back the modification proposal for further consideration and development.

Direction

Paragraph 21.3 of the REC Change Management Schedule enables the Authority, where it is sending back a modification under paragraph 22.4, to direct the REC Change Panel to take certain additional steps. The Authority directs the REC Change Panel as follows:

1. The vote made by the Metering Expert Panel on the 10 August 2022 on R0015 shall be considered null and void.
2. That henceforth the modification will be developed as an Authority-approved modification and that, once a recommendation is made on the modification, it is resubmitted to the Authority for a decision on whether to approve or reject it.

In order to ensure that the Authority is provided with the information that it requires to make a decision on R0015, the Authority directs that:

3. Evidence is provided that the proposed timescale for R0015 is necessary, particularly considering the current timescales for BSC modification P432. This evidence should take appropriate account of when migration activity is proposed to begin under P432.
4. The impact that R0015 will have on migration activity irrespective of BSC modification P432 is taken into account, and to consider if there is any benefit for a period between R0015 coming into force, and the start of migration activity.

The Authority directs that, after addressing the issues above, Modification R0015 should be resubmitted to the Authority in order for the Authority to determine whether to approve or reject the modification. The modification should be resubmitted as soon as practicable and by no later than 28 February 2023.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rachel Clark', written in a cursive style.

Rachel Clark
Deputy Director, Retail Systems and Processes
Retail Directorate
Ofgem

Signed on behalf of the Authority and authorised for that purpose