

Modification proposal:	Retail Energy Code (REC) R0015: Remote Communication Obligations for Electricity Advanced Meters (R0015)		
Decision:	The Authority ¹ has decided to approve ² this modification ³		
Target audience:	REC Board, REC Parties and other interested parties		
Date of publication:	24 March 2023	Implementation date:	30 June 2023

Background

In September 2021, the Market-wide Half-Hourly Settlement (MHHS) Code Change and Development Group (CCDG)⁴ made a series of recommendations to ensure a smooth and efficient transition to the new settlement arrangements.⁵

One of those recommendations was that an estimated 50,000 Current Transformer (CT) Advanced Meters should be moved to HHS before the rest of the Advanced Meters segment migrates to HHS. The CCDG recommended six months of planning and preparation followed by a six month period for moving these CT Advanced Meters, via the Change of Measurement Class (COMC) process, to settle HH. The CCDG noted that bringing forward the COMC process would leave time to resolve 'problem' sites where issues would otherwise delay the start of migration. This recommendation has been progressed as modification P432 to the Balancing and Settlement Code (BSC). The CCDG also recommended introducing an obligation to ensure, as far as reasonably possible, that remote communications are fitted and working for all Advanced Meters. In order to support the COMC process, the CCDG recommended that the new obligation should come into force at a point that ensures CT Advanced Meters are communicating remotely when Suppliers begin that process.

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 This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

³ 'Change' and 'modification' are used interchangeably in this document.

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

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

The shared rationale for these CCDG recommendations was that they would compel affected parties to bring forward activities that would otherwise have to be carried out alongside migration and that doing so would both make them more manageable and reduce the risk of missed migration deadlines. The CCDG also noted that, as many CT Advanced sites were also relatively large consuming sites, early HHS would also provide benefits to settlement accuracy. Ofgem accepted these recommendations in October 2021.⁶

The modification proposal

Currently, neither the BSC nor the Retail Energy Code (REC) state that the provision of remote communications to any Supplier Volume Allocation Metering Systems⁷ should include a requirement that they are maintained and working. As a result, there is no requirement for Energy Suppliers and/or Metering Equipment Managers (MEMs) to ensure that Advanced Meters have working remote communications.

R0015 was raised by the Association of Meter Operators (the Proposer) on 17 November 2021 and was originally progressed as a Self-Governance change.⁸ R0015 seeks to introduce an explicit obligation on MEMs, as the REC Party responsible for the installation and maintenance of Communications Equipment, to have continuous active remote communications for Advanced Meters. This will support the COMC activity under P432.

Modification History

At a meeting of the REC Metering Expert Panel (MEP) on 10 August 2022, the REC Code Manager recommended that the modification be approved. However, a majority of the Panel considered that the business case for approving R0015 had not been made, and the MEP therefore decided to reject it. The REC Code Manager then appealed the decision to the Authority on 24 August 2022.⁹

⁶ [Ofgem response to the CCDG recommendations on the transition approach for MHHS | Ofgem](#).

⁷ Supplier Volume Allocation is the set of processes used to estimate the quantity of energy used or exported by a Supplier's customers in a given half hour (or "Settlement Period").

⁸ [In accordance with Paragraph 9 of the REC Change Management Schedule.](#)

⁹ [In accordance with Paragraph 22.2 of the REC Change Management Schedule.](#)

On 1 December 2022, we decided to send back R0015 for further consideration and development.¹⁰ We directed that evidence be provided to justify the timescale proposed in R0015 and that this evidence should take appropriate account of when migration activity is proposed to begin under P432. We also directed that the impact of R0015 on migration activity irrespective of P432 be taken into account, and to consider whether there is any benefit for there being a period between R0015 coming into force and the start of migration activity. Finally, we directed that, after addressing these issues, R0015 should be resubmitted to the Authority, as soon as practicable but no later than 28 February 2023, for a decision on whether to approve or reject the modification.

Following our send back, the proposal has been amended to include a new implementation timetable. Under this new timetable, each MEM shall take all reasonable steps to ensure that the Communications Equipment for each Advanced Meter¹¹ is active and maintained to provide continuous remote access to consumption data from no later than the start of the window for Suppliers to migrate Advanced Meters to the new MHHS arrangements. This is MHHS Milestone 11, which is subject to the Timetable Replan being conducted by the MHHS Programme).¹² The Proposer considers that this deadline gives sufficient time for MEMs to carry out all necessary preparatory work to meet the obligation by the date on which it becomes effective.

REC Change Panel¹³ recommendation

The updated Final Change Report (FCR) was presented to the REC Change Panel at its meeting on 21 February 2023. At that meeting, the REC Change Panel considered that R0015 would better facilitate REC Objectives (a) and (b), and had a neutral impact on REC Objective (c). The REC Change Panel therefore recommended its approval. The REC Change Panel also recommended that R0015 be implemented on 30 June 2023 if Authority approval is received by 29 March 2023 or, if not, as part of the next standard release that provides at least three months' lead time from Authority approval.

¹⁰ [Decision to Send Back Modification R0015 'Remote communication obligations for electricity Advanced Meters' | Ofgem](#)

¹¹ Whole Current as well as CT Advanced Meters, as recommended by the CCDG.

¹² [Planning - MHHS Programme](#)

¹³ The REC Change Panel is established and constituted pursuant to and in accordance with [Standard Condition 11B.8\(a\) of the Electricity Supply Licence](#) and [Standard Condition 11.8\(a\) of the Gas Supply Licence](#).

Our decision

We have considered the issues raised by R0015 and the FCR submitted to us on 22 February 2023. We have considered and taken into account the responses to the industry consultations attached to the FCR.¹⁴ We have concluded that:

- implementation of R0015 will better facilitate the achievement of the applicable Objectives of the REC;¹⁵ and
- approving the modification is consistent with our principal objective and statutory duties.¹⁶

Reasons for our decision

We consider R0015 will better facilitate REC Objectives (a) and (b), and has a neutral impact on Objective (c).

(a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement¹⁷

This modification will place an explicit obligation on MEMs in relation to providing active remote communications for Advanced Meters. We are satisfied that an 'all reasonable steps' obligation is appropriate for MEMs and will help to ensure that communications are working, and to track and address issues where they are not. This should improve compliance with the relevant Advanced Metering licence conditions.¹⁸

We note that the revised implementation timetable for this modification provides sufficient time to meet the new obligation and we fully expect the relevant parties to carry out the

¹⁴ REC change proposals, change reports and representations can be viewed on the [REC Portal](#).

¹⁵ As set out in [Standard Condition 11B.6 of the Electricity Supply Licence](#) and [Standard Condition 11.6 of the Gas Supply Licence](#).

¹⁶ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in section 3A of the Electricity Act 1989 and section 4AA of the Gas Act 1986.

¹⁷ The REC will facilitate the efficient and effective running of the retail energy market, including its systems and processes. It will promote innovation, competition and positive consumer outcomes.

¹⁸ [Supply Licence Condition 12 'Matters relating to Electricity Meters'](#).

necessary preparatory work to ensure that they are compliant by the date on which the obligation takes effect. We also note that the implementation timetable should also de-risk the migration of Advanced Meters to the new MHHS arrangements. For these reasons, we consider that R0015 better facilitates REC Objective (a).

(b) to ensure customers' interests and data is protected in the operation of the REC

R0015 should increase levels of active remote communications from Advanced Meters. This would reduce the need for onsite meter reading activity and enable more efficient and timely retrieval of accurate consumption data, thus in turn producing faster and more accurate billing and settlement. We consider, therefore, that R0015 better facilitates REC Objective (b).

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority hereby approves REC Change Proposal R0015: Remote Communication Obligations for Electricity Advanced Meters.

Melissa Giordano

Deputy Director, Retail Systems and Processes Retail Directorate

Signed on behalf of the Authority and authorised for that purpose