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Dear Emma,

RE: Open Letter – New Technology in Public Lighting

Thank you for the opportunity to provide our views on the use of Central Management Systems in the Unmetered Supply (UMS) Market. Centrica fully supports the development of a new metering standard which would allow data collected by Central Management Systems (CMS) to be used as a meter.

Centrica has a number of concerns around the operation and accuracy of the current UMS Market and its Governance, specifically;

- 1) The current governance process around the allocation of energy to the UMS Market is inadequate and does not pay sufficient regard to the accuracy of Settlement and its wider impacts.

The allocation and maintenance of charging codes for the UMS Market is administered by the Unmetered Supplies Expert Group, while we have confidence in the technical knowledge and understanding of issues around public lighting which this group, and the consumer members represented there have, we are concerned that the accuracy of Settlements and the wider impacts for the Market resulting from UMS misallocation is not being adequately addressed.

- 2) The accuracy of UMS Inventories and the lack of audit and control around these.

At present where customers make additional connections to a UMS system or make changes to the equipment used, for example by replacing lamp types, they are responsible for notifying their Supplier and Distributor so that the inventory can be updated accordingly and the correct consumption allocated.

It is widely accepted that inventories are often inaccurate and that end users make changes, including temporary connections for equipment such as festive lighting, without notifying the Distributor or Supplier. The resultant unrecorded energy is treated as losses and is smeared across all users.

Although the Distributor is responsible for maintaining an accurate record of connections to their network, there appears to be no audit process for the Distributor to confirm the accuracy of the UMS inventories which they supply. Through discussions with ELEXON we understand that only one distribution business carries out regular UMS audits of UMS Systems.

We believe that this issue needs to be addressed and that appropriate obligations should be placed on Distributors to ensure that UMS systems are audited in order to restore Supplier confidence in this process.

- 3) There is no re-testing process to address fluctuations in consumption of ageing lighting switch gear and associated variance from the certified Estimated Annual Consumption (EAC) value.

Under the current arrangements equipment which is to be used as part of a UMS system is independently tested and a consumption value is assigned to it through a 'charging code' issued by the Unmetered Supplies Expert Group (UMSEG).

The consumption is measured using new equipment and no allowance is made for deterioration in performance associated with age. This is a particular issue where lighting systems use mechanical rather than electronic ballast, which is known to become increasingly unreliable and inefficient with age.

We believe that equipment should be retested at set intervals during its lifespan and age related charging codes should be developed in order to reduce the impacts of incorrect allocation of energy resulting from these errors.

- 4) Changes in switching times caused by the use of Photo Electric Cell Arrays (PECAs) not being recorded or updated.

At the point that a UMS system is registered 'switching times' will be assigned, during which times the UMS System is deemed to be in use. The accuracy of these times is key to calculating the correct consumption values.

In practice however, many lighting systems are switched by PECAs which will cause the lights to operate outside the set switching times (during periods of increased cloud cover / low light for example).

The costs of this additional consumption are again borne by the whole market through the smearing of losses mechanism - Group Correction Factor.

Allowing the use of metered data collected by CMS to be entered into Settlement would reduce this smearing effect and ensure that costs for these UMS consumers are correctly targeted.

With regards to the two specific questions contained in your letter;

***Are there any consequences of proceeding with developing a new standard for CMS technology that we have not considered above?***

Consideration needs to be given to the ownership of the metered data and the process by which it could be entered into Settlement.

CMS systems are operated and controlled by the end consumer, therefore there would need to be a sufficiently robust assurance process in place to give the market confidence that the self-reported consumption from CMS remained accurate and that controls were in place. This could be addressed by bringing this within the scope of ELEXONs Technical Assurance process and the Balancing and Settlement Code Audit Scope.

***Are there any potential impacts of facilitating CMS technology for public lighting which might adversely affect the market? This might include new barriers to entry or any negative impact on market participants or customers.***

The process for transfer of data between CMS and Settlement needs to be considered in order to ensure that the costs of any system development are kept to a minimum and are correctly targeted. This process could be discussed using the existing industry governance arrangements.

We would welcome the opportunity to have further discussions with you around any of the points we have made in relation to CMS technology and our concern with the wider UMS market.

Yours sincerely,

Mitch Donnelly  
Regulatory Manager