

## **Northern Powergrid Response to Consultation P272 – Mandatory Half Hourly settlement for Profile classes 5-8**

The purpose of this change is to mandate all customers classified within profile class 5-8 to be settled half hourly by April 2015.

### **Chapter 3**

#### **Q1 - Do you agree with our approach to assessing the impacts of P272?**

Yes - It is apparent that a systematic approach has been taken which considers the impacts that this change will have on DNOs, suppliers and other key customers.

It would be a worthwhile exercise consulting parties again to get an up to date view of the likely implementation costing for this project. Further justification for this is outlined in responses to question 2 and 11.

#### **Q2 - Are there any additional, material impacts that we should consider?**

We would like to see consideration given to a further assessment into the implementation time of a change of this magnitude – our response to question 16 gives justification to this point.

Northern Powergrid believes that consideration should be given to a nationally agreed methodology which establishes the customer's agreed capacities based on different levels of consumption. The half hourly metering data for calculating the agreed capacities would be available from April 2014, however this will not be visible to DNOs. Parties who can access the data will be presented with a significant level of additional work in order to calculate and implement these capacities. In addition the methodology that parties adopt may not be consistent. We would suggest that such a process might be facilitated by Elexon or a BSC forum in support of P272.

Consideration should also be given to charging methodologies, as we currently use three years of historic data within the calculations. We would have to continue to use profile data, while each year replacing 12 months' worth of profile data with actual half hour reads.

### **Chapter 4**

#### **Q3 - Do you agree that P272 would drive suppliers to encourage DSR among their customers?**

When carrying out analysis on the change in customer demand post common distribution charging methodology (CDCM) implementation, we did not see a significant move in terms of demand from Red to Amber or Amber to Green periods. As a result of this, we are unconvinced that P272 will encourage DSR in a strong enough way that would result in tangible differences. However, it may assist DSR if it was part of a wider suite of measures.

#### **Q4 - Do you agree with our approach for quantifying the value of load shifting and load reduction, including the assumptions we made? Is there any evidence we have not identified that could inform our analysis?**

N/A – we feel this is a question for suppliers

**Q5 - For those impacts stemming from suppliers reducing the costs of supplying energy (for example, by promoting DSR) that we did not quantify, do you have any suggestions on how we might do so?**

N/A – we feel this is a question for suppliers

**Q6 - Do you agree with our approach to quantifying the value of improved forecasting, including the assumptions we made?**

N/A – we feel this is a question for suppliers

**Q7 - Could the costs of investing in forecasting capability for HH demand impact disproportionately on smaller suppliers or on new entrants?**

N/A – we feel this is a question for suppliers

## Chapter 5

**Q8 - Do you agree that we have correctly identified the cost savings that suppliers could realise in managing the settlement process?**

N/A – we feel this is a question for suppliers

**Q9 - Do you agree with our assumption regarding the typical size of data quality teams employed by suppliers?**

N/A – we feel this is a question for suppliers

**Q10 - Do you agree that meters of consumers in Profile Classes 5-8 are mostly read at the end of each month?**

N/A – We feel this is a question for the DC/DA

## Chapter 6

**Q11 - Do you agree with our approach to quantifying the costs of P272 for suppliers and DNOs? If not, we encourage respondents to suggest alternative approaches.**

We agree with the approach adopted in understanding the costs from a DNO perspective. All ongoing costs seem to be captured, however within the upfront costs we feel that there should be an assessment made on the level of cost for the implementation of these changes as a project,. As an additional factor, work will need to be completed in order to understand the agreed capacity of each of these half hourly customers. This would be as per our suggested process within question 2..

From the initial cost assessment which was carried out (Q1 2012), we are certain that both suppliers and DNOs alike will have a refined view of cost levels associated with this change. One example of where things have changed is the implementation of DCUSA changes DCP141-149 which sought to

standardise a number of elements of a DNOs approach to UoS billing.

**Q12 - We welcome evidence from smaller suppliers of larger non-domestic consumers on the costs they could incur if P272 is implemented.**

N/A – we feel this question is aimed at supplier and larger non-domestic customers

**Q13 - We welcome information from suppliers on**  
**(a) how many consumers would need to move electively for them to incur upfront costs and;**  
**(b) the costs that would be incurred, broken down by the cost categories listed in this chapter.**

N/A – we feel this is a question for suppliers

**Q14 - Would consumers incur costs from termination of contracts with Supplier Agents? If so, we welcome information that could help us to assess these costs.**

N/A – we feel this is a question for suppliers

## Chapter 7

**Q15 - Do you have any comments on the results of our quantitative analysis?**

We feel that the model is aimed toward how supplier will influence a customer's behaviour by the use of specific signals, on example being tariffs. Further to this, we feel that there is not sufficient explanation as to how the figures used within Ofgem's model have been derived. We think there would be value in further engagement between Ofgem and distributors in order to explain how the cost benefits were quantified.

## Chapter 9

**Q16 - If P272 is approved, would it be possible to implement the modification in less than fourteen months?**

No – this is because of the following factors:

Distribution companies will have to expend great effort in calculation or otherwise obtaining agreed capacities for all customers on profile classes 5-8 in order to apply HH UoS tariffs to suppliers. Within our response to question 2, we have given high level detail to an approach of how this exercise might be completed, including a potential industry level approach.

The volume of data needs to be assessed for each party, in our case we would anticipate that data from the DTN would increase by 200%. Our system will have to be tested in order to understand whether it can deal with the additional volume. In addition, there may be a potential for all industry parties to update hardware as a result of this volume change.

Within the changes to accommodate P272, there will be a need to see data change from a granularity of 0.1kWh to 0.001 kWh, this will impact the following areas:

- Storage of metering data within our system
  - Within our current system this is stored as integers
  - Within the new system this is stored as 0.1kWh
- Calculation of invoice charges
- Invoice Tolerances will need to be amended
- EDI Flow change

As an additional factor, there will be a need for additional resource in order to populate the system with the relevant metering information in preparation for April 2015.

As a point of note, we understand that supplier's validation of these invoice will not change, however the volume will increase, this should be considered also.