

Balancing and Settlement Code Modification Proposal 272 –  
draft impact assessment: Consultation  
**Response from Siemens**

## Statement of interest / Executive Summary

Siemens, through its Metering, Communications & Services business unit (MCS), is one of the largest independent providers of metering services to the electricity, gas and water industries in the UK. It serves all segments from domestic consumers through SMEs and commercial customers up to major energy users.

As an Siemens is actively engaged with the UK Half Hour (HH) and non-Half Hour (nHH) in smart market from an asset management, meter installation and data management perspective and our responses reflect our views in these areas.

Siemens MCS is an established market participant and is qualified to operate as a Supplier Agent in the roles of NHHMO, HHMO, NHHDC, HHDC, NHHDA and HHDA in the electricity industry, and are actively directly serving with the UK commercial and industrial customers with nHH and HH energy market. We welcome this opportunity to respond to the questions that have been posed in the impact assessment.

From an energy efficiency and carbon reduction perspective we support, in principle, the proposal to move Profile Class 5-8 meters to half-hourly settlement. However, we have some reservations regarding the assumptions on the cost savings to end-customers. We note that it is already possible under the existing arrangements for a Profile Class 5-8 customer to be settled half-hourly. Energy Brokers are not currently encouraging customers in these profile classes to move to elective half-hourly settlement (Measurement Class E) in large numbers. This is presumably because the opportunities for savings in the energy bill and participation in the Demand Side Response initiatives are not material.

We believe that the previous review has made a number of assumptions concerning the AMR meters that have been installed to date in the profile class 5-8 market. Whilst a meter may be an Elexon approved CoP10 meter it does not mean that its mode of operation (setup) as installed for the NHH market is necessarily compliant as a code 10 meter for half-hourly settlement. If CoP10 meters are not allowed to be used for half-hourly settlement, then additional costs will be incurred to exchange them for those which are CoP5. In these circumstances we ought to consider passing at least some of the cost on directly to the customer, or to the Supplier.

Likewise, we have assumed that the Change of Measurement Class processing will follow existing processes rather than any kind of new 'Bulk CoMC' process.

## Questions and Answers

Siemens' answers can be found in blue. Note: where questions appear in grey rather than black we believe that other parties are better placed provide an opinion and have therefore chosen not to answer, our focus has mainly been on the impact on customers and Supplier's Meter Operator and Data Collection Agents.

### CHAPTER: Three

Question1: Do you agree with our approach to assessing the impacts of P272?

Yes, and we particularly welcome the recognition that HH settlement should stimulate innovation and competition in the energy supply chain both with supplier's purchasing and customer's load management.

**Question 2:** Are there any additional, material impacts that we should consider?

#### **CHAPTER: Four**

**Question 3:** Do you agree that P272 would drive suppliers to encourage DSR among their customers?

**Question 4:** 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?

Yes, and we believe that the introduction of HH settlement will generate innovation in active energy management by customers and ESCOs working with innovative suppliers to both reduce grid demand and improve energy efficiency.

**Question 5:** 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?

**Question 6:** Do you agree with our approach to quantifying the value of improved forecasting, including the assumptions we made?

**Question 7:** Could the costs of investing in forecasting capability for HH demand impact disproportionately on smaller suppliers or on new entrants?

#### **CHAPTER: Five**

**Question 8:** Do you agree that we have correctly identified the cost savings that suppliers could realise in managing the settlement process?

We do not believe that all costs are fully understood, particularly those associated with meter set up and therefore we query the assumptions on cost savings.

We would agree that the unit cost paid to the Supplier Agent to settle HH sites would be likely to reduce due to the projected increase in volume. However the move from lower cost NHH to HH settlement could result in overall higher operational costs, not all of which appear to have been identified: the following are examples

- 1) Higher DTN costs due to increased number of data flows associated with HH settlement).
- 2) Initial set up costs of creating a change of measurement class being higher than forecast. An example of this is that not all registers are set up as required for HH settlements ie only import registers and channels may be set up.
- 3) A number of profile class meters will also have different time switch patterns, with corresponding SSCs and the time-switch signal may be provided to the customers as an output. In HH settlements only one SSC is used and therefore all historic information will be lost relating to the timeswitch set up. This could be overcome by suppliers changing to a single switch time but the SSC will still not reflect this time and therefore the any new HHMOP will not receive this information on Change of Agent.

**Question 9:** Do you agree with our assumption regarding the typical size of data quality teams employed by suppliers?

**Question 10:** Do you agree that meters of consumers in Profile Classes 5-8 are mostly read at the end of each month?

Historically, monthly read sites were read manually in the last week of each month.

Our experience as the appointed nHH DC agent is that the vast majority of our AMR Profile Class 5-8 customers' meters are already on metering systems that are remotely read on a daily basis, with a register reading being retrieved once a month to generate a D0010 flow for billing and a D0019 for settlement. The timing of the register read used for billing varies based on the customer or supplier requirements, ranging from a specific working day in the month to being billed on a 28 day cycle.

## **CHAPTER: Six**

**Question 11:** 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.

**Question 12:** We welcome evidence from smaller suppliers of larger non-domestic consumers on the costs they could incur if P272 is implemented.

**Question 13:** We welcome information from suppliers on (1) how many consumers would need to move electively for them to incur upfront costs and (2) the costs that would be incurred, broken down by the cost categories listed in this chapter.

**Question 14:** Would consumers incur costs from termination of contracts with Supplier Agents? If so, we welcome information that could help us to assess these costs.

Potentially consumers could incur costs if the contracts were terminated. This will be dependent on the terms of the contracts either with the individual customer or the supplier. We note that additional costs could also be incurred in the event of a change to the contract between the customer and the Supplier Agent, as it is likely that there will be different terms for half hourly metered customers. There would be a commercial overhead for Agents stemming from the need to put in place a Contract Variation Notice on many if not all of its contracts with affected customers.

Contracts would have to be terminated if:

- The Agent is not qualified as HHMO/HHDC/HHDA
- The Supplier does not have an HHMO/HHDC/HHDA contract with the Agent

Even if there is a Change of Agent event it is possible that the newly appointed HHMO Agent is not able to support the meter on the mpan because they do not have meter protocol approval in place for the inherited meter type. The Agent would either have to acquire meter protocol approval for that meter type, or alternatively exchange the inherited meter for one for which they are already approved.

Whether any of these costs would be passed on would be a commercial decision.

## **CHAPTER: Seven**

**Question 15:** Do you have any comments on the results of our quantitative analysis?

## **CHAPTER: Nine**

**Question 16:** If P272 is approved, would it be possible to implement the modification in less than fourteen months?

We support the aspiration to implement the modification in the proposed timescale, however, there is a significant amount of work to be done and a number of assumptions have to be worked through and processes (including possible DTC changes to meter technical details to accommodate TPRs) agreed between all energy suppliers, customers and agents. Critically, some of these may involve manual intervention and possibly remote re-programming of meters and therefore there may be resource constraints if suppliers leave the migration until towards the end of the 14 months period.

We note that Section 3 of the Final Modification Report v 1.0 contains the following paragraph:

*“It would be left to individual Suppliers to choose how they implement the new requirement prior to 1 April 2014. However, Suppliers would be required to submit a high level transition plan to the Performance Assurance Board (PAB) by 31 May 2013 (which will be 3 months after the approval cut-off date of the Modification). This would allow PAB to make Suppliers aware of any potential timetable clashes where a bulk Change of Measurement Class (CoMC) might take place.”*

(The above dates relate to the original proposal, but it assumed that the dates for the proposed Alternative Proposal will be as above plus 1 year in all cases).

It is not clear from this statement how the overall implementation is to be managed if there are any difficulties in meeting the April 2015 deadline. In the case of any conflicts between different Suppliers will PAB intervene any further beyond advising of timetable clashes? We believe that there is a risk if the standard BSCP CoMC process is not used and some alternative process is attempted. Likewise if the timescale is shortened so that volume of CoMC transactions per day is significantly increased this may increase the risk of not completing all the requests by the deadline.

The following key assumptions and issues need working through before realistic plans and costs can be made:

- 1) Siemens are of the view that there is no requirement for quantities of Active Export Related Reactive Energy and Active Import Related Reactive Energy to be measured separately at these sites as they are not 100kW sites (unless there is generation that exceeds the Small Scale Third Party Generating Plant Limit, in which case the export will be settled on a HH basis) as stated in Section K paragraph 1.2.7 of the BSC. If this assumption is not correct then there would be significant manual intervention to re-program each site and set up new channels.
- 2) A solution to dealing with the potential loss of Timeswitch regimes in the data flows can be made without causing significant additional work or delaying the beginning of the migration process.
- 3) Our migration timetable cannot be ascertained until discussions with suppliers and customers are entered into, since implementation will be a Supplier-led activity, therefore as an Agent, we cannot be certain when migration will begin, how many sites we would retain in the move from NHH to HH, or potentially how many additional sites we may gain.

**For any questions or further information on Siemens response to this consultation please contact:**

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