



Making a positive difference  
for energy consumers

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Date: 24 June 2015

Dear Michael,

**Ofgem response to the BSC Panel's request for an extension to the Implementation Date of Balancing and Settlement Code Modification P272: Mandatory Half-Hourly Settlement for Profile Classes 5-8**

On 12 June 2015, Elexon wrote to us on behalf of the Balancing and Settlement Code (BSC) Panel to request, in accordance with Section F, Paragraph 2.11.8 of the BSC, that we extend by one year the Implementation Date for BSC Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'. We have decided to approve this request.

We last wrote to you on 20 April 2015 in response to an earlier request from the BSC Panel, dated 12 March 2015, to move the Implementation Date of P272 from 1 April 2016 to 1 April 2017.<sup>1</sup> This request was driven by the BSC Panel's concerns about the risk to settlement accuracy from large numbers of sites undergoing Change of Measurement Class<sup>2</sup> in short timescales and the risk to consumers if supply contracts extending beyond 1 April 2016 are interrupted as a result of moving to HH settlement.

In our letter, we said we shared the BSC Panel's concerns about the risks to consumers and settlement from implementing P272 on 1 April 2016. However, we said we had decided not to approve the BSC Panel's request because, on its own, an extension to the Implementation Date would not address these risks. We also said we would be open to consideration of alternative solutions that address the risks to consumers.

We welcome the industry's positive and rapid response to our letter. On 28 April 2015, Npower raised BSC Modification P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8'. The BSC Panel subsequently recommended that we approve P322 Alternative on 11 June 2015 and, in parallel, wrote to us to ask that we extend the P272 Implementation Date to 1 April 2017.<sup>3</sup>

We consider that P322 Alternative, together with a one-year extension to the P272 Implementation Date, will address the risks to consumers and settlement from implementing P272 by 1 April 2016. Extending the P272 Implementation Date will significantly reduce the risk of contract interruptions. At the same time, P322 Alternative requires that, from 5 November 2015, suppliers must move sites in Profile Classes 5-8 with advanced meters to HH settlement within 45 days of customer acquisition or contract

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<sup>1</sup> Our letter can be found on our website: <https://www.ofgem.gov.uk/ofgem-publications/94555/lettertobscpanel-pdf>

<sup>2</sup> Change of Measurement Class is the process used to transfer sites from non-half-hourly to half-hourly settlement.

<sup>3</sup> For more information on P322, please see Elexon's website: <https://www.elexon.co.uk/mod-proposal/p322/>

renewal. This mitigates the risk that suppliers, as a result of the extension to the P272 Implementation Date, continue to settle sites non-half-hourly until 1 April 2017.

Therefore, we have decided to approve P322 Alternative and, in accordance with Section F, Paragraph 2.11.7, the BSC Panel's request to extend the P272 Implementation Date to 1 April 2017. Please see our decision letter for further explanation of why we have approved P322 Alternative.<sup>4</sup>

If you have any comments or questions about this letter, please contact [smartermarkets@ofgem.gov.uk](mailto:smartermarkets@ofgem.gov.uk).

Yours sincerely

Rob Church  
Partner, Retail Markets

cc: Adam Lattimore, Elexon

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<sup>4</sup> Our letter can be found on our website: <https://www.ofgem.gov.uk/licences-codes-and-standards/codes/electricity-codes/balancing-and-settlement-code-bsc>