

By email to smartermarkets@ofgem.gov.uk

Pooja Darbar
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Ofgem
9 Millbank
London SW1P 3GE

18 September 2015

Dear Pooja,

ELEXON's response to Ofgem's consultation on 'Reforming suppliers' meter inspection obligations'

We welcome the opportunity to provide ELEXON Limited's views on this consultation. We will need to ensure that the meter inspection requirements under the BSC are consistent with your policy decision. We have included some observations on the inspection requirements for larger non-domestic Metering System, which we would be happy to discuss with you.

The views in this response are ours alone. We do not seek to represent views of Balancing and Settlement Code (BSC) Parties. Our response relates exclusively to the Electricity Supply Licence Condition.

We confirm that you may publish this letter and its appendix on your website.

We look forward to continuing to work with you on your smarter markets initiative.

We are happy to discuss our response with you. If you or your colleagues need anything further from us, please contact me on 020 7380 4313 or at jon.spence@elexon.co.uk.

Yours sincerely,

Jon Spence
Senior Market Advisor

List of appendices:
Appendix 1 – Consultation response

APPENDIX 1 – ELEXON’S RESPONSE TO OFGEM’S CONSULTATION ‘REFORMING SUPPLIERS’ METER INSPECTION OBLIGATIONS’

CHAPTER ONE: Question 1 – Do you agree with our assessment of the need for reform?

Yes, we agree that there is a need to reform the Licence Condition. Paragraph 1.7 notes that the electricity metering inspection requirements only apply to non-half-hourly meters and Footnote 10 presumes that this is a proxy for domestic consumers. We agree and suggest that it is also a proxy for small and medium non-domestic consumers. DECC’s smart metering impact assessment (as referenced in paragraph 1.23) includes the benefits of avoided site visits for both domestic and small and medium non-domestic. As such, we agree that the roll out of smart and advanced meters to both domestic and smaller non-domestic consumers presents an appropriate trigger for a review of the Licence Condition.

CHAPTER TWO: Question 1 – Do you agree with the scope of our review?

In paragraph 2.6 you propose the same requirements for ‘all meter types’.

As noted in our response to Chapter One: Question 1, we fully agree that the scope of the review should include domestic and small and medium non-domestic consumers, irrespective of whether their metering is half-hourly or non-half-hourly; traditional, smart or advanced.

We also agree that larger non-domestic customers should be included in the scope of the review. However, we would prefer that the solution did not preclude meter inspection requirements for larger sites under the BSC, where BSC Parties consider these to be beneficial in terms of maintaining the accuracy of Settlement data.

The [BSC Procedure 502](#) for ‘Half Hourly Data Collection for SVA Metering Systems Registered in SMRS’¹ (Section 4.1.8) includes an obligation to carry out various on-site checks of the metering equipment (as referenced in paragraph 5.7 of your consultation). These are required every year for polyphase metering systems and every two years for single phase metering systems.

The Settlement risks are proportional to the volumes of energy being metered, hence the existing requirements for inspecting half-hourly metering equipment. However, we need to recognise that these requirements were introduced when half-hourly metering systems were predominantly 100kW or above. We have subsequently re-assessed the Settlement risk for sub-100kW metering systems.

In 2009 we introduced an exemption from these requirements for elective (sub-100kW) half hourly metering systems². Instead we introduced a requirement for Suppliers to arrange for the inspection of Measurement Class E meters in accordance with provisions of SLC 12.14 – 12.16, notwithstanding that these provisions refer to non-half-hourly meters. The rationale for the change was that metering systems recording equivalent levels of consumption, should be subject to the same inspection requirements, irrespective of whether they are non-half-hourly or half-hourly.

Approved [Modification P300 ‘Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes \(DCP179\)’](#), which we will implement on 5 November 2015, categorises sub-100kW half-hourly Metering Systems as:

¹ Supplier Meter Registration Agent

² [CP1261 ‘Introducing Metering Code of Practice 10 to facilitate smart metering in the Half Hourly \(HH\) market’](#)

- Measurement Class E = 'Half Hourly Metering Equipment at below 100kW Premises with current transformer';
- Measurement Class F = 'Half Hourly Metering Equipment at below 100kW Premises with current transformer or whole current, and at Domestic Premises'; or
- Measurement Class G = 'Half Hourly Metering Equipment at below 100kW Premises with whole current and not at Domestic Premises'.

We will implement approved Change Proposal [CP1431 'Extend Site Check Exemption to Measurement Classes F and G'](#) on 5 November 2015. This will align the inspection requirements for all sub-100kW half hourly Measurement Classes with SLC 12.14.

CHAPTER TWO: Question 2 – Do you think we have focused on the right options for reform?

Yes.

CHAPTER THREE: Question 1 – Are there any important impacts of reforming suppliers' meter inspection obligations that we have not identified?

No.

CHAPTER FOUR: Question 1 – Do you agree with our assessment of the options?

From a Settlement perspective, health and safety issues are outside our remit and the policy objectives on theft detection and billing accuracy align most closely with our own objectives. We agree that the Theft Risk Assessment Service should deliver a more targeted approach to reducing the risk of theft than regular inspections, especially given that the perpetrators of theft are likely to deny access when inspections take place. We also agree that the more regular readings and anti-tamper alerts from smart meters will help identify metering irregularities.

CHAPTER FOUR: Question 2 – Do you have any evidence to support your views?

No. It is too early to be able to offer conclusive evidence on the benefits of the new theft obligations and smart metering.

CHAPTER FIVE: Question 1 – Do you think we have identified the consequent impacts of the preferred policy option?

Yes. We agree that we will need to remove the cross-reference to SLC 12.14-16 in BSCP502. We also agree that BSCP502 may need to be amended in relation to the requirement for yearly or two yearly visits to half-hourly sites. For example, we could completely remove the requirement for meter inspections for domestic half-hourly (Measurement Class F) and non-domestic whole current (Measurement Class G) for consistency with the repeal of the licence condition. We could retain (or amend) the requirement for inspections of 100kW metering systems, which carry a higher Settlement risk due to the levels of energy metered. We could consider whether sub-100kW Current Transformer (CT) metering (Measurement Class E) should be subject to inspections (and at what frequency). We will need to draw upon metering and risk experts in order to carry out a full assessment, before progressing a Change Proposal.

In paragraph 5.7 you note that you will "set out an approach to amending the subsidiary documents to the BSC" when you make a policy decision on reforming SLC 12. We would welcome a policy decision that leaves the door open for BSC requirements for inspections of metering at high energy sites, where the risk to Settlement accuracy justifies such requirements.

CHAPTER FIVE: Question 2 – Do you see any issues with our implementation approach?

No. We will be happy to discuss the timing of any BSC changes in relation to the publication of your policy decision and the proposed implementation date of 1 April 2016.