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## Issue 104 Workgroup Meeting 1 Summary

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### Summary

#### 1. Meeting Objectives

The Chair welcomed attendees and presented the meeting objectives:

- confirm whether it is still appropriate for RTS operational costs to be passed through the BSC;
- discuss how can we incentivise the industry to move from RTS, through the BSC or otherwise; and
- confirm whether we should modify how RTS costs are recovered under the BSC

#### 2. BSC Change Process and Background to Issue 104

- 2.1 Elexon provided an overview of Issue 104 and what was agreed during its predecessor [Issue 84](#) in terms of cost recovery agreements. It then provided a summary of Market Wide Half Hourly migration key dates, with a participant noting that the full transition date was moved to 2026.
- 2.2 The group discussed whether it is still appropriate for RTS operational costs to be passed through the BSC, and unanimously agreed that continuing to pass the operational costs through the BSC for a further year (until March 2024) was appropriate.

#### 3. Issue 104 and incentives to move Industry from RTS

- 3.1 Elexon presented the reasons to initiate a new Issue Group to discuss the RTS cost recovery arrangements including the considerable increase in costs (from £1.4 million to a worst case scenario of £5.5 million).
- 3.2 It was discussed whether the costs are an incentive enough to generate compliance among Suppliers. A Workgroup participant listed the various reasons why the original 2020 deadline to phase out RTS meters was not met, including lack of meters availability and the COVID-19 pandemic. All Suppliers present agreed that the service is needed for another year.
- 3.3 The group was reminded by a representative from Ofgem that there are license obligations and smart meters roll out obligations to enforce and assure that all customers are transitioned to smart meters and that this obligation means that Suppliers must have transitioned customers by the RTS end date.
- 3.4 A Workgroup participant noted a different reason why the roll out didn't meet the original target and explained that Suppliers were working with 2025 as the deadline. Since there is better clarity about when the roll out needs to be finished, and the Long Wave ceasing, March 2024 looks to be reasonable. Elexon notes that there has never been an RTS end date agreed of 2025 and that its current contract to pass costs through the BSC ends in March 2023, but that it is willing to extend for one further year until March 2024 to support the transition away from RTS.

#### 4. How many active RTS are?

- 4.1 Elexon presented the two methodologies it uses to estimate the number of active RTS meter: SVAA Extract - summing the 'Estimation of Annual Consumption (EAC)' count and 'Annualised Advance' (AA) count for each Supplier, where the data is filtered by a Time Pattern Regime (TPR); and SMRS Falcon data - calculated from the count of MPANs filtered by SSC ids.
- 4.2 The Workgroup explained that SSC level information and TPRs and meter types (smart or traditional) are the most common methodologies among suppliers. Energy UK is working with SEGB on a short RFI to get supplier-level data.
- 4.3 It was discussed that it may be an element of double counting regardless of the methodology used. Therefore, Suppliers will need to review on a single customer basis if an RTS is in place and if it is still used. It was noted that a customer may have an RTS at their premises, but implemented a different arrangement to manage heating and hot water necessities.

4.4 However, since there is not enough confidence in the information the Industry currently has, a solution based on RTS count to apportion the costs was dismissed.

## 5. Solution Options

5.1 Elexon presented the three potential solution to Issue 104 and their pros and cos. It was explained that Solution 1 leaves the cost recovery arrangements as they are, extending for an extra year the contract between ENA and the BBC, and the one between ENA and Elexon. This solution implies that Generators agree continuing paying for 50% of the RTS.

5.2 The Workgroup voted this Solution as the preferred one. However, since there was no Generators represented at the meeting, Elexon will circulate an Industry Survey to gather their views, and views from other interested stakeholders, on the matter.

5.3 Then Solution 2 option a) and b) were explained:

- Modifying how operational RTS costs are recovered under the BSC implementing a differing proportional cost recovery mechanism across all Suppliers; or,
- Apportion the costs by RTS user on a market share basis.

5.4 Solution 2. b) has a requirement to develop a new methodology and monthly reporting to charge Suppliers based on their number of active RTS meters. A Workgroup member noted that customers are able to switch suppliers in 24 hours, which could add extra difficulties to an already complicated solution. The Workgroup also highlighted that Suppliers are not the main beneficiaries from RTS, but the users.

5.5 After deliberating, the Workgroup voted to not modifying the BSC to introduce a new cost recovery arrangement. But, if a modification is needed –because a wider representation of the Industry believes so-, then Solution 2. a) should be adopted.

## 6. RTS costs

6.1 The Workgroup asked how the RTS costs are calculated to understand better what are the fixed costs involved. A representative from ENA explained that there is an allocation on the number of messages sent, but that RTS are an item among other Long Wave costs. Elexon and ENA reminded the Workgroup that the BBC cannot profit or incur a loss from the use of the Long Wave signal.

6.2 Elexon also explained that adopting a new cost recovery solution will imply a system change and that generates a cost to be paid by the Industry. A Workgroup participant pointed that Suppliers are not willing to pay for any extra cost for system changes.

6.3 Elexon finally explained that the BSC costs are not included in the price cap, and therefore are taken from the Supplier's profits.

## 7. Conclusion

7.1 Elexon then summarised the findings of the workgroup and next steps:

7.1.1 Solution 1 is preferred by the Workgroup

7.1.2 If a change is needed, Solution 2. a) should be adopted. The workgroup asked for Solution 2.b) to be removed.

7.1.3 Elexon confirmed that an [Industry Survey](#) will be circulated to try to collect the Generator's perspective. If they agree with Solution 1, no further meeting will be needed. Otherwise, a short Workgroup meeting will be in place.

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## Actions

No.	Action	Owner
1.	Elexon to make an <a href="#">industry wide survey</a> to gather other views or confirm the Workgroup findings	Elexon
2.	To confirm with customers the number of active RTS	Suppliers

3.	To share the SEGB findings about the number of active RTS	Energy UK
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