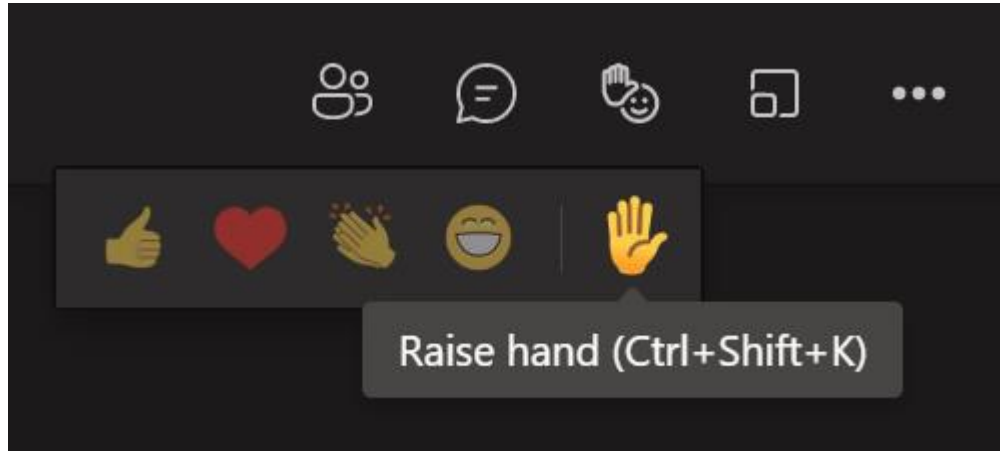


Issue 104. Digital Meeting Etiquette

- Welcome to the Issue 104 Workgroup Meeting 1 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the Raise hand feature in the Menu bar in Microsoft Teams if you want to speak, or use the Meeting chat



- Talk – pause – talk
- Lots of us are working remotely – be mindful of background noise and connection speeds

Slido Guidance

- In order to make our Workgroups more engaging and to ensure that all participants' voices are heard we've started using the Slido plug-in for MS Power Point.
- After each of the sections, we will be asking the Issue Group about their views on what was presented.
- Everyone should be able to vote and answer questions live during the presentation using Slido

Requirements:

- Internet access
- Web browser
- Participants can join at slido.com with **#7487730**

Joining as a participant?

Enter code here



ELELEXION

**Issue 104 – Extending RTS Costs
Recovery Arrangements Under the BSC**

Meeting 1

16 November 2022

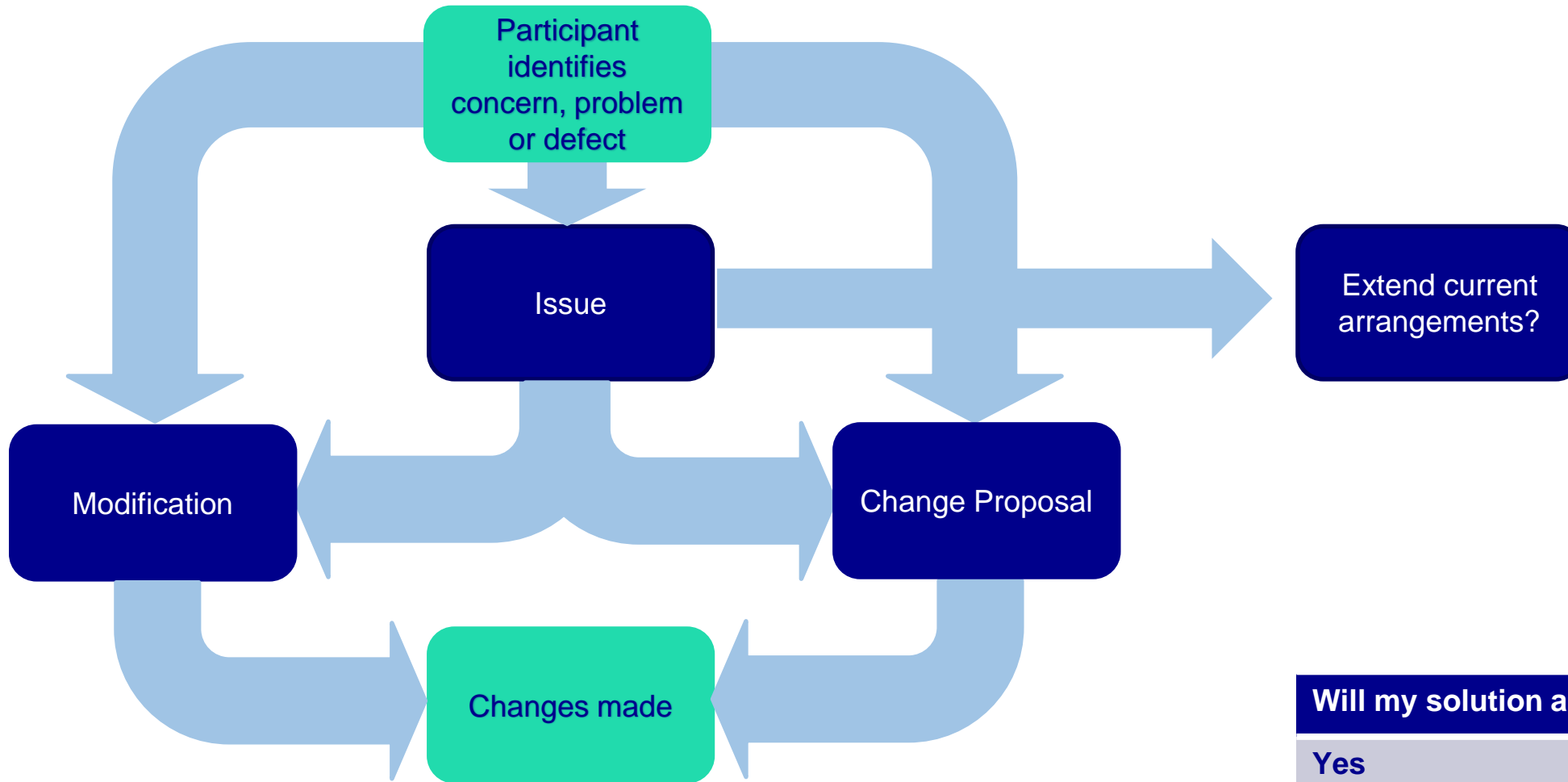
Meeting Agenda

Agenda Item	Lead
1. Welcome and meeting objectives	Elliot Harper (Elexon) – Chair
2. BSC Issue Process	Cecilia Portabales (Elexon) – Lead Analyst
3. Terms of Reference	Cecilia Portabales
3. Background to Issue 104	Cecilia Portabales
4. Current Cost Recovery Arrangements	Derek Weaving (Elexon) – Design Architect
5. Issue 104	Derek Weaving
7. Solution Options	Darren Draper (Elexon) – Finance
8. Workgroup discussion	Workgroup
9. Progression plan – Next steps	Cecilia Portabales
10. AOB	Elliott Harper



BSC ISSUE PROCESS

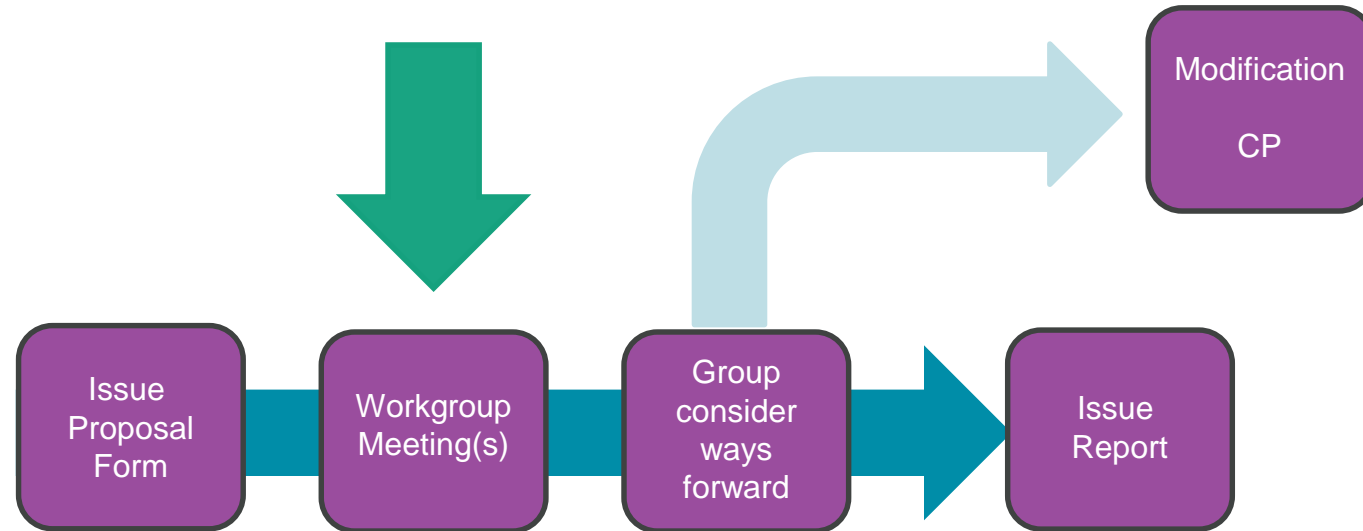
What type of change do I need?



		Will my solution amend the BSC?	
		Yes	No
Do I have a clear solution?	Yes	Modification	CP
	No	Issue	Issue

Where are we in the BSC Issue process?

- The role of the Workgroup is to assist the Proposer in developing the most appropriate solution, answer the Terms of Reference and consider the costs and impacts of making the change.





TERMS OF REFERENCE

Issue 104 specific Terms of Reference

ToR	Details
a)	Confirm whether it is still appropriate for RTS operational costs to be passed through the BSC.
b)	What are the current arrangements, and which BSC Parties are involved in the funding?
c)	How can we incentivise the industry to move from RTS, through the BSC or otherwise?
d)	How many RTS are currently active, and how are they calculated?
e)	There are three proposed solutions to discuss: 1. Continue to recover operational RTS costs through the BSC as a BSC Cost, 2. Modify how RTS costs are recovered under the BSC: a. proportionately across all Suppliers b. by RTS user on a market share basis
f)	Should the BSC be modified to allow a differing proportional cost recovery mechanism?
g)	Is there any other solution that could be adopted? What are the industry views on each one of the proposed solutions?



BACKGROUND TO ISSUE 104

Background to Issue 104

- The Radio Teleswitch Service (RTS) uses the British Broadcasting Corporation's (BBC) long wave Radio 4 service infrastructure to send radio signals to consumer's premises and control load management of storage heaters and water heaters. The system is contracted through a BBC-ENA agreement.
- The system relies on a chain of messaging, rules and contractual agreements among Suppliers (acting as group code sponsors), Licensed Distribution System Operator (LDSO) (acting as access providers), ENA and the BBC. Before Issue 84, **ENA apportioned all operating costs for the RTS service to access providers according to message usage.**
- During Issue 84, SSE Networks agreed contribute costs to the RTS extension with the remainder of the costs being recovered from BSC Parties.
- ENA and Elexon had an existing Radio Teleswitching Contract which required/facilitated ENA to provide certain data to Elexon and for Elexon to pay the ENA for the data. The BSC provides for costs associated with this contract to be passed through to BSC Trading Parties in accordance with [BSC Section D](#) 'BSC Cost Recovery and Participation Charges'.



CURRENT RTS ARRANGEMENTS

Current RTS arrangements

- The Elexon-ENA contract allows for costs associated with the Teleswitch Agent to be recovered. The existing contract is for the provision of the service for transmitting messages that go into Supplier Volume Allocation Agent (SVAA).
- The BSC provides for costs associated with this contract to be passed through to BSC Parties (such costs, like other Elexon costs are allocated in accordance with Section D of the BSC).
- Currently, the RTS operational costs are c£1.9m.
 - SSE Networks makes a £400,000 payment directly to ENA.
 - The remaining £1.4M are apportioned across all BSC Trading Parties. 50% are recovered from Suppliers via the SVA Metering System Specified Charge and 50% are recovered from Generators via Funding Share.

Market Wide Half Hourly

Migration Key Dates:

- Oct 24 Start of 1 year migration for UMS/Advanced
- Nov 24 Start of 1 year migration for SMART/Non-SMART
- Oct 25 Full transition complete

Identification of Load Managed Areas (LMAs)

- MPANs in postcodes for LMAs are already identified by an LLFC DCUSA: <https://www.dcusa.co.uk/dcusa-document/>

Radio Teleswitch replacement for LMAs and Related MPANs

- The Distribution Businesses have agreed a solution for replacement of meters with related MPANs in Load Managed Areas that requires the Supplier to replace the non-smart Meters with a smart Meter with two MPANs.
- One MPAN is for the baseload and the other is for the Storage and/or Immersion heating load. These smart meters will need to be related, hence Related MPANs will need to be transitioned to MHHS.

Programme position

- **Transition the smart Meter MPANs as separate MPANs with the Related MPAN flag retained, collect and provide the HH Consumption for each MPAN and Publish to Elexon Central Services.**

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Is it still appropriate to pass the operational RTS costs through the BSC? Are there any alternatives?



ISSUE 104

What is the Issue?

- In an open letter dated 29 March 2022 Ofgem said “**Currently the technology which operates the Radio Tele Switch meters (RTS) is scheduled to be switched off in March 2023.** (...) We fully expect all of industry to be proactively working towards solutions to any potential barriers so that consumers are not left exposed to any potential detriment. (...) **If a workable industry solution cannot be reached in a timely manner prior to the cut-off date, then we would expect mitigating arrangements be prepared and implemented well in advance of this date.**”¹
- Adding to the possibility of the technology being switched off, the BBC have advised the ENA that the operational costs for the RTS are due to increase to a maximum of £5.5m for the 2023/24 financial year.²
- Alternative off-the-shelf technologies to replace RTS Meters are still limited in availability due to delays in their manufacture. In combination with competing Supplier priorities, the replacement of RTS Meters has not been as timely as desired. Therefore, the **RTS arrangements are still required for a further period beyond the current contract end date of 31 March 2023** (BSC-ENA and ENA-Elexon).

1 The entire letter can be found in <https://www.ofgem.gov.uk/publications/smart-meter-rollout-energy-suppliers-rollout-delivery-open-letter-march-2022>

2 The increase is primarily due to increases in the cost of electricity needed to power the Long Wave Radio transmitters (as advised by the BBC). The BBC is not permitted to make a profit on, nor subsidise any of the costs of providing the RTS service.

Comments for Workgroup consideration

- Elexon has faculties to Monitor and Report on subjects related to the BSC. While RTS costs are pass-through the BSC as it is currently done, Elexon could keep monitoring the reporting on the number of active RTS.
- If the Industry plans to phase down the RTS before the current or any other agreed deadline, Elexon would need to modify the BSC in order to be able to enforce the commitment or escalate the problem.

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How can we incentivise the industry to move from RTS, through the BSC or otherwise?

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How many RTS are currently active, and how are they calculated?

Active RTS Metering Systems

- There are still c.1.06 million of active RTS (vs 1.45m in September 2019).
- Elexon calculates this number with two different methodologies:
 1. SVAA Extract - The RTS Count calculated from 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) to have a value greater than 00999 (RTS requirement).
 - **Total number: 1,061,678**
 2. SMRS Falcon data - The RTS Count is calculated from the count of MPANs filtered by SSC ids that have a value present for the Teleswitch User (TSU) or Teleswitch Group (TSG) id.
 - **Total number: 1,063,319**



PROPOSED SOLUTIONS

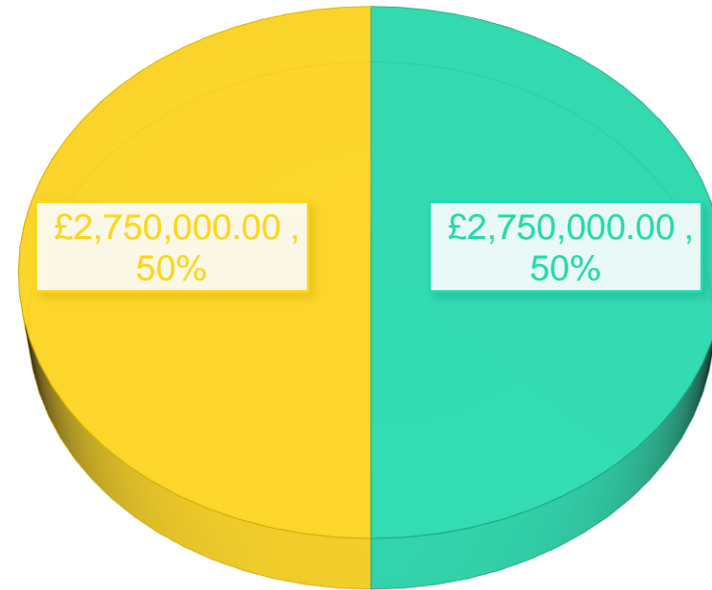
Solution Options

- We would like to invite industry to confirm that continuing to **pass the operational costs for the RTS service through the BSC is the right thing to do.**
- If so, we would like to invite industry views on the **potential options to take forward.**
- We suggest that the Issue Group may wish to consider:
 - Continue to recover operational RTS costs through the BSC as a BSC Cost (as per the current arrangement).
 - **Modifying how RTS costs are recovered under the BSC** if the BSC Issue Group wished for a **differing proportional cost recovery mechanism.** This could be for example:
 - a. proportionately across all Suppliers; or,
 - b. by RTS user on a market share basis (with a clear definition of what this entails).

Implementation Solution 1 – No BSC Modification

- £5.5m distributed:

50% recovery from all Suppliers via the SVA Metering System Specified Charge. approx. of **£0.00717** per meter per month (vs current cost of **£0.00201** ending 31 March 2023)



50% recovery from Generators via Funding Share.

- SVA Production Funding Share (Generators)
- SVA Metering System Specified Charge (Suppliers)

Implementation Solution 2 – BSC Modification

- This solution could be used if the Issue Group wished for a differing proportional cost recovery mechanism other than those currently provided for in Section D.
- The Modification process should start in parallel to Issue 104 as per best practices and tight deadlines.
- Solution 2 option a. Proportionately across all Suppliers
 - 100% recovery from all Suppliers via the SVA Metering System Specified Charge (approx. increase to £0.01433 per meter per month)
- Solution 2 option b. by RTS user on a market share basis
 - 100% recovery from RTS users only via a newly created methodology

Pros and cons

Solution	Pros	Cons
Solution 1: extending the existing RTS Contract between the ENA and Elexon	<ul style="list-style-type: none"> Utilises existing BSC provisions where all trading Parties pay for the RTS costs Fastest and simplest solution No system changes required 	<ul style="list-style-type: none"> Impacts all Trading Parties (not just Suppliers) Does not incentivise a transition away from the use of RTS
Solution 2 – option a. Mod to introduce a differing proportional cost recovery mechanism, proportionately across all Suppliers	<ul style="list-style-type: none"> More targeted at Suppliers only Incentivises Suppliers to replace RTS meters ASAP 	<ul style="list-style-type: none"> Slower to implement May require System Change May be implemented retrospective (might not be ready for 1 April)
Solution 2 – option b. Mod to introduce a differing proportional cost recovery mechanism, by RTS user on a market share basis	<ul style="list-style-type: none"> More targeted at RTS users 	<ul style="list-style-type: none"> Slower to implement May require System Change May be implemented retrospective (might not be ready for 1 April) Last to exit might be charged full cost

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Should the BSC be modified to allow a differing proportional cost recovery mechanism?



COMMENTS FOR WORKGROUP CONSIDERATION

Comments for Workgroup consideration

- Do we have the option of it not being a BSC cost (for example, reverting to the DNOs)?
- If it is a BSC cost, a starting point is that: it should be recovered from Suppliers in proportion to their RTS MPAN Counts **until** a total number of RTS MPANs reduces to X and then remaining cost is recovered from all Suppliers (to avoid getting very silly charges for the last one connected).
- Would be helpful to understand who we are actually paying and how much of cost is fixed charge and how much is variable - i.e how is BSC being charged.



WORKGROUP DISCUSSION

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Should option 2. a) be adopted?

“Modifying how RTS costs are recovered under the BSC with costs allocated proportionately across all Suppliers”

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Should option 2. b) be adopted?

“Modifying how RTS costs are recovered under the BSC with costs allocated by RTS user on a market share basis”

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If Solution 2.b) is adopted:

What would be an appropriate number of RTS to use as a minimum threshold before recovering the remaining costs from all Suppliers?

Note: “it should be recovered from Suppliers in proportion to their RTS MPAN Counts until a total number of RTS MPANs reduces to X”





NEXT STEPS

Progression plan

Event	Date
Issue raised	26 October 2022
Workgroup meeting 1	16 November 2022
10 Working Days (W/D) Industry Survey on Issue group 1 findings.	W/C 21 November 2022
Workgroup meeting 2	W/C 5 December 2022
Present Issue Report to Panel	January 2023

AOB

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ELEXON

THANK YOU

Cecilia Portabales

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16 November 2022

Annex: What is a Supplier Volume Allocation (SVA) cost?

- SVA costs are defined in the BSC Section D and are recovered equally between Suppliers & Generators:
 - 50% of SVA costs recovered from generators by way of the SVA Production Funding Share
 - 50% of SVA costs recovered from Suppliers by way of the SVA Metering System Specified Charge

ANNEX D-2: SVA COSTS

1. SVA Costs shall be those BSC Costs determined by BSCCo to be operational costs directly or indirectly referable to Supplier Volume Allocation.
2. Subject to paragraph 3 and paragraph 5, SVA Costs shall include the following amounts and costs payable or incurred by BSCCo or any of its Subsidiaries:
 - (a) amounts payable to the Supplier Volume Allocation Agent;
 - (b) amounts payable in respect of the use by the Supplier Volume Allocation Agent of the Managed Data Network;
 - (c) amounts payable to the Profile Administrator;
 - (d) amounts payable to the Teleswitch Agent;
 - (e) amounts payable to the Technical Assurance Agent for Supplier Volume Allocation;
 - (f) amounts payable to BSCCo agent (if any), so far as relating to the Qualification of Supplier Agents;
 - (g) costs of the maintenance and support of the software and systems referred to in paragraph 4;
 - (h) the costs of resolving Trading Disputes relating to Supplier Volume Allocation;
 - (i) the costs of implementing, conducting and administering the Qualification Processes relating to Suppliers and Supplier Agents;
 - (j) amounts payable to the BSC Auditor, in respect of the functions of the BSC Auditor referable to Supplier Volume Allocation;
 - (k) costs of the operation of the Performance Assurance Reporting and Monitoring Systems (other than any such operation not referable to Supplier Volume Allocation);
 - (l) costs of providing advice and support to Parties in connection with those provisions of the Code relating to Supplier Volume Allocation.
3. SVA Costs shall not include
 - (a) any such costs (as described in paragraph 2) in respect of services provided by a BSC Agent in connection with the implementation of an Approved Modification of otherwise for the development of any BSC Systems;
 - (b) any such costs in respect of services which are not directly or indirectly referable to Supplier Volume Allocation.
4. The software and systems referred to in paragraph 2(g) are software and systems made available by BSCCo to Trading Parties for estimation of annual consumption and annualised advance, and for non half hour data aggregation; and the Supplier Volume Allocation System.
5. SVA Costs shall include the costs of implementing Approved Modification P246 ("Reporting to LDSOs of Aggregated Metering Data for Embedded Networks") which shall be payable by all Licensed Distribution System Operators in equal proportion, provided that such implementation costs shall not be treated as Annual SVA Costs.