
Draft P432 Send Back Process

BSC Panel 330

Date of meeting **8 September 2022**

Paper number **330/17**

Owner/author **Aylin Ocak**

Purpose of paper **For Decision**

Classification **Public**

Document version **1.0**

Summary **We invite the Panel to approve the P432 Send Back Process detailed in this paper. We will then execute the process on behalf of the Panel in order to address the P432 Send Back Direction from Ofgem ('the Authority').**

1. Introduction

- 1.1 This paper details our draft P432 Send Back Procedure and Timetable, which we invite the Panel to approve, prepared in response to Ofgem's [P432 'Half Hourly Settlement for CT Advanced Metering Systems'](#)¹ Send Back Direction, received on 26 August 2022 (see Attachment A).
- 1.2 We prepared the draft Send Back Process in accordance with [BSC Section F 'Modification Procedures' 2.7A](#)². The Panel, having considered this draft Send Back Process, may instruct us to make such changes to the draft Send Back Process as it believes necessary to address the Send Back Direction.

2. Background

- 2.1 Npower Commercial Gas Limited raised P432 on 2 December 2021 in response to the [Code Change and Development Group](#)³ (CCDG) recommendation three (as set out in its consultation on the transition approach for Market Wide Half Hourly Settlement (MHHS)) to facilitate the transition to MHHS. P432 proposes to require:
- Half Hourly (HH) Settlement for all Current Transformer (CT) Meters by October 2023 (using existing Change of Measurement Class (CoMC) processes);
 - HH Settlement for all new CT Advanced Meter connections from October 2022 (using existing CoMC processes); and
 - To address the inconsistent definitions of Advanced Meters in the BSC and the [Supply Standard Licence Conditions](#)⁴ (SLC).
- 2.2 The case for change is to address the risk of not meeting the MHHS Transition Timetable.
- 2.3 The Panel recommend to Ofgem that P432 is rejected as it did not believe P432 would better facilitate the BSC Objectives, contrary to the majority of the Workgroup, who believed P432 would better facilitate Objectives (c) 'competition' and (d) 'efficient operation and implementation of the BSC'. As noted in Ofgem's Send Back letter, many respondents, mainly Suppliers, disagreed that P432 would decrease the identified risks with some respondents noting that the October 2023 date would result in additional costs to both the industry and end consumers.

¹ <https://www.elexon.co.uk/mod-proposal/p432/>

² <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#section-f-2-2.7A>

³ <https://www.elexon.co.uk/group/code-change-and-development-group-ccdgc/>

⁴ <https://www.ofgem.gov.uk/industry-licensing/licences-and-licence-conditions>

3. Ofgem Send Back Direction

- 3.1 Ofgem sent P432 back to the Panel on 26 August 2022, as it was unable to form an opinion on whether or not P432 should be approved. Ofgem believes it has not been provided with sufficient evidence that consumers will not be negatively impacted by increasing costs if migration is delivered on the existing implementation timeframe, or that the timeframe specified is necessary to deliver the required de-risking of MHHS implementation.
- 3.2 Importantly, Ofgem notes in its Send Back letter that it agrees with the CCDG to migrate CT Advanced Meters ahead of the MHHS migration. However, it also recognises that in the current market conditions, which have changed since P432's conception, it may not be appropriate to require Suppliers to prioritise migration of CT Advanced Meters over the coming months.
- 3.3 Ofgem also agrees with concerns raised by some respondents to the P432 consultations that costs to customers might increase inappropriately if their capacity requirements are not properly understood ahead of migration.
- 3.4 In order for Ofgem to make a decision on P432 Ofgem has directed that:

- A revised implementation timeframe for P432 is generated which takes appropriate account of the difficulties faced by Suppliers in the current market context but ensures that CT migration is completed sufficiently ahead of the end of MHHS migration to retain the benefit created by de-risking the wider MHHS Programme; and
- This work should also take account of the desirability of a [Distribution Connection and Use of System Agreement](#)⁵ (DCUSA) modification being raised as soon as possible to resolve the issues surrounding excess capacity charging. The purpose of such a modification would be to ensure that the end consumer has the opportunity to discuss their appropriate capacity charging before/when they are migrated to HH Settlement.

Ofgem considers that this DCUSA modification should come into force before the start of migration under P432. It should also address the situation of any customers who have been migrated to HH under P272, or at any other time without prior agreement with the customer and may still be paying inappropriately high capacity charges.

Ofgem also notes that they expect the DCUSA modification to be pursued as a priority and are prepared to use their powers of direction if that would be helpful to ensure the modification is brought forward and implemented in a timely manner.

- 3.5 Ofgem have requested the BSC Panel to resubmit the P432 Final Modification Report (FMR) for decision as soon as practicable and by no later than 30 November 2022.

4. Proposed Send Back Procedure

- 4.1 The current P432 implementation approach was to implement P432 five Working Days after Ofgem approval is made. However, the critical P432 obligations to settle CT Advanced Meters HH are specified in the P432 legal text. We believe the P432 Workgroup should reconsider these 'compliance' deadlines, taking into consideration the Ofgem Send Back letter. Further, the Workgroup should decide whether to maintain absolute deadlines (as is currently the case) or to make them relative, for example to the MHHS Programme's Transition Timetable and/or the implementation timeline for Ofgem's requested DCUSA modification, detailed above.
- 4.2 We have already been engaging with the P432 Proposer and Workgroup, Ofgem and DCUSA on this Send Back Direction. We are discussing with Ofgem and DCUSA on the most appropriate progression route for the DCUSA modification. This includes the P432 proposer considering whether to raise the requested DCUSA modification.
- 4.3 In order to resubmit the P432 FMR by 30 November 2022, we propose the following timetable and procedure:

⁵ <https://www.dcusa.co.uk/>

Event	Date
Support raising and progression of DCUSA modification	September 2022 until DCUSA modification submitted to Ofgem
Workgroup meeting to consider P432 Implementation approach	W/C 26 September 2022*
P432 Consultation (10WDs)	10 October 2022 to 21 October 2022
Workgroup to consider consultation responses	W/C 24 October 2022*
Present revised Draft Modification Report to Panel	10 November 2022
Resubmit Final Modification Report to Authority	16 November 2022

* Subject Workgroup availability and quoracy.

5. Recommendations

5.1 We invite you to :

- a) **APPROVE** this draft P432 Send Back Process

Attachments

Attachment A – P432 Send Back Direction

For more information, please contact:

Aylin Ocak, Change Analyst

Aylin.ocak@elexon.co.uk

020 7380 4064