Guidance

Using Generic Metering Dispensation D/380 for customers on private networks

Background

Regulation Change & Supporting Documents

The Electricity and Gas (Internal Market) Regulations 2011 came into force in November 2011. These implement, in UK law, the EU requirement for customers on private networks (i.e. licence exempt networks) to be able to purchase electricity from a third party Supplier.

Schedule 2 of the Regulations describes the process for customers to choose their own gas and electricity Supplier, which can be summarised as follows:

- A customer who wants to choose their own Supplier must provide the private network operator with an expression of interest, including evidence that at least one Supplier would be willing to provide the supply; and
- Within 20 Working Days, the private network operator must specify the metering or contractual arrangements that would be required in order to allow competitive supply.

ELEXON has been asked by a number of stakeholders to give advice on the Balancing and Settlement Code (BSC) arrangements that support this and, to help simplify the process, we have progressed a Generic Metering Dispensation, D/380. You can find more background information in paper SVG136/02[1] that we presented to the BSC's Supplier Volume Allocation Group (SVG).

Terminology

We use the term 'Third Party Access' to collectively describe the above processes. This guidance also uses the following terms in the context of Third Party Access:

- Boundary Point Supplier: the Supplier appointed at the Boundary Point of the private network; usually appointed by the private network owner;
- Boundary Point Meter: a BSC Code of Practice (CoP) compliant Settlement Meter at the Boundary Point;
- Third Party Supplier: a Supplier appointed by a customer on the private network;
- Third Party Meter: a CoP-compliant Settlement Meter for the customer on the private network; and
- Non Settlement Meter: a meter that is not registered for Settlement purposes.

[1] SVG136/02 'Settlement Considerations for Third Party Access to Private Network'

Third Party Access

Third Party Access is the term used when a customer is embedded in a private network, has a Metering System ID (MSID) registered in the Supplier Meter Registration Service (SMRS) and has their electricity supplied by a Supplier of their choice.

BSC Arrangements

There are two options available under the BSC that support Third Party Access.

Full Settlement option

This option is applicable where every customer on the private network is to have a Settlement CoP-compliant Metering System and an MSID. In this case the BSC refers to the private network as an 'Associated Distribution System'.

Difference Metering option

At the Boundary Point of the private network, the energy recorded on the Metering System will include the consumption of all customers 'downstream' within the private network. Prior to these arrangements, customers would have arrangements in place with the network owner or landlord to purchase their electricity. However if one or more customers take up the opportunity of a third party supply, then it is necessary to deduct those volumes from the main Boundary Point Meters. Therefore, in order to establish the correct volumes, the Meter readings of the downstream customers (those with MSIDs) must be deducted (or 'differenced') from the Boundary Point Meter to avoid double-counting the metered volume in Settlement.

This arrangement is known as Difference Metering. The approach will be applicable whenever one or more (but not all) customers on the private network have a Settlement Meter with a Supplier of their choice; thus requiring the deduction of the consumption through the Third Party Meter(s) from the Boundary Point Meter.

Figure 1 illustrates this below.

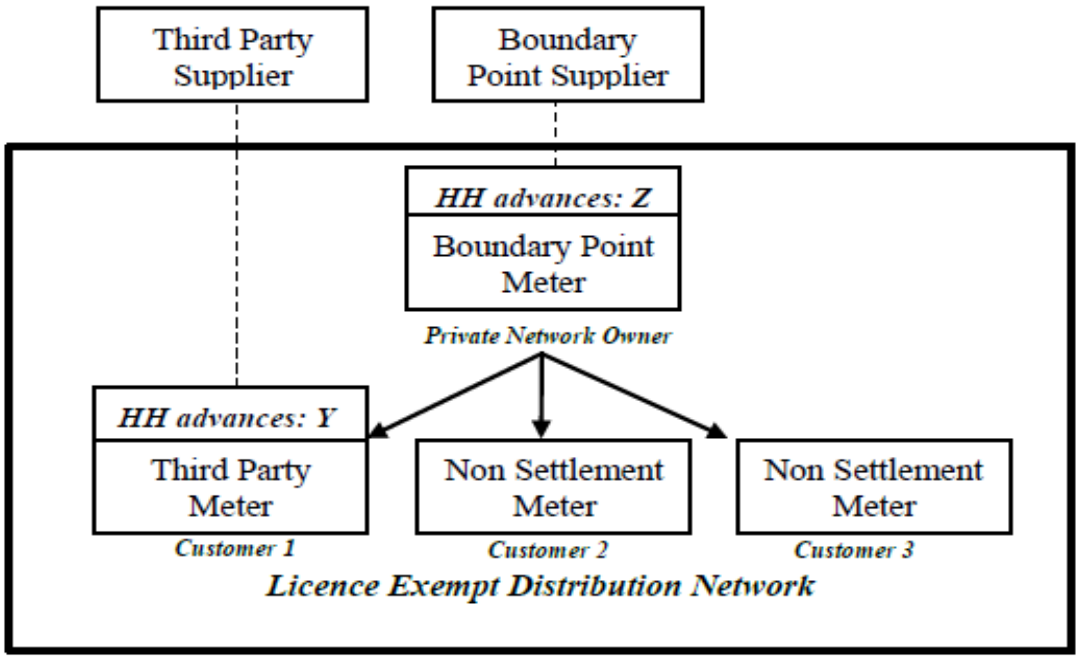


Figure 1: A typical Difference Metering arrangement

For the Figure 1 example in a given Settlement Period, the Half Hourly (HH) Advances entering Settlement for the MSID in a private network will be as follows:

Customer 1 = Y kWh

Private Network owner = (Z-Y) kWh

BSC Procedure 514[2] (section 8.4.3) recognises this approach as a complex site.

[2] 'SVA Meter Operations for Metering Systems Registered in SMRS'.

Difference Metering & Metering Dispensation

What is a Metering Dispensation?

BSC Section L3.2 requires that all Metering Equipment either:

- Complies with the requirements set out in the relevant CoP at the time of the Metering System's first registration for Settlement; or
- Is the subject of, and complies with, a Metering Dispensation.

Section L3.4 makes provision for the BSC Panel to establish (or the Registrant of a Metering System to apply for) a Metering Dispensation if, for financial or practical reasons, Metering Equipment will not or does not comply with some or all the requirements of a CoP.

The process for applying for a Metering Dispensation is set out in BSCP32: Metering Dispensations.

Why is a Metering Dispensation needed for Difference Metering?

The BSC CoPs describe the Defined Metering Point (DMP) location as being the point where the customer connects to the Licensed Distribution Network. However, the Meters of customers who are embedded within a private network will be located at the point of connection to the private network. A Metering Dispensation is therefore required to allow this departure from the CoP requirement.

Applying for a Metering Dispensation can be an administratively-intense process with a long lead time, typically around 6 weeks. The SVG and Imbalance Settlement Group (ISG) have therefore approved a Generic Metering Dispensation for 'standard' Difference Metering arrangements on private networks. The generic dispensation allows Suppliers to use this arrangement without the administrative overhead of applying for a separate Site-Specific Metering Dispensation for each customer.

CoP requirements

CoPs 1, 2, 3 and 5 Section 4.3.3 'Compensation for Power Transformer and Line Losses' state that: '*where the **Actual Metering Point (AMP)** and the **Defined Metering Point (DMP)** do not coincide a Metering Dispensation shall be applied for and, where necessary, accuracy compensation for power transformer and/or line losses shall be provided to meet the overall accuracy at the Defined Metering Point'.*

Note that the Generic Dispensation only relates to the location of the Metering Equipment (i.e. the measurement transformers), and that Site-Specific Dispensations will still be required where there are other CoP non-compliances. There are also certain specific conditions attached to use of the Generic Dispensation as described below.

Generic Metering Dispensation D/380

What is a Generic Metering Dispensation?

The ISG and/or SVG (under delegated authority from the BSC Panel) may, on its own initiative or upon the application of a Party, establish Metering Dispensations from the requirements of any relevant CoP. Where a dispensation relates generally to any item of Metering Equipment, this is referred to as a "Generic Dispensation". Upon establishment of a Generic Dispensation, Parties do not need to apply for a Site-Specific Metering Dispensation as long as they meet any conditions associated with that Generic Dispensation.

Who can use D/380?

D/380 applies to Registrants (Suppliers) whose customers are embedded within a Licence Exempt Distribution Network (private network) and are seeking competitive supply. Providing that the only departure from the CoP requirements is the location of the Metering Equipment, and that the other conditions associated with the Generic Dispensation are met (see below), these Suppliers can then proceed with the arrangements without the need to apply for a Site-Specific Dispensation. In all other respects the Metering Equipment must comply with the relevant CoP(s).

CoP ownership

The SVG has sole responsibility for CoP5, but CoP3 is the joint responsibility of the SVG and the ISG.

What Metering Systems are impacted?

D/380 is relevant to HH Metering Systems installed on circuits up to a capacity of 10MVA, and is therefore applicable to CoP5 and CoP3.

From when is D/380 effective?

D/380 was approved by the SVG for CoP5 Metering Systems on 4 September 2012 and by the ISG for CoP3 Metering Systems on 25 September 2012.

Can D/380 be used for Non Half Hourly (NHH) Metering Systems?

Difference Metering (as currently envisaged) requires the Boundary Point Meter and Third Party Meter to be HH, although other non-Settlement meters on the network could be NHH. Third party supply through NHH meters currently requires the full Settlement option (or alternatively Parties can propose new solutions through the Change Proposal or Modification Proposal processes).

At present the only option is therefore to treat these as HH-only, although this does not prevent future changes to the rules.

What conditions must be met to use D/380?

In order to minimise any risk to Settlement, the SVG and ISG have established the following conditions that must be met in order to use D/380:

1. Losses will be allocated appropriately;

2. All Parties associated with the supply understand and agree to the arrangements being put in place;

3. Data integrity will be maintained by the appointment of appropriate Party Agents;

4. To give ELEXON visibility of all sites that come under D/380, the Third Party Supplier will use Meter Timeswitch Class '997'; and

5. The Registrant declares compliance with all other aspects of the BSC and CoP requirements relating to Metering Equipment.

Condition 1 - Treatment of Losses

Suppliers must account for the electrical losses between the Defined Metering Point (DMP) and the Actual Metering Point (AMP) in order to ensure that there is no adverse impact on any one Party or on Settlement. Suppliers will be required to maintain (and, at the request of the BSC Panel or Technical Assurance Agent, produce) evidence that losses have been accounted for appropriately.

Treatment of losses for Difference Metering on a private network

Normally, Meter readings are adjusted to the Settlement Boundary Point. In the case of a customer on a private network, this would mean scaling up their Meter reading to allow for losses on the private network before then applying a Settlement Line Loss Factor (LLF) to adjust for losses on the Licensed Distribution Network. Therefore the same LLFs are to be applied to the Boundary Meter and to Third Party Meters on the private network. Adjusting to the Settlement Boundary Point in this way ensures that the losses caused by the customer are not included in the relevant Grid Supply Point (GSP) Group Take in Settlement.

When considering Difference Metering on a private network, the arguments are somewhat different, for two reasons:

- There is no risk of the losses on the private network being allocated to Suppliers generally through GSP Group Correction. The nature of Difference Metering is that any losses not allocated to the customer (through adjusting the reading of the Third Party Meter) will instead be allocated to the Boundary Meter (and billed to the private network operator by the Boundary Supplier), rather than being allocated to Suppliers generally.

- The Settlement arrangements also have to fit in with the Ofgem-approved charging methodology. In some cases this methodology could be based on the premise that the network operator pays the Boundary Supplier for all losses on the private network (and recovers the costs in distribution charges).

Options for treating losses on a private network

For the reasons described above, D/380 is not prescriptive about how losses on the private network should be accounted for. In summary, Parties have two main options on how to do this as follows:

- By applying appropriate factors, either within the Meters as compensations or within the Half Hourly Data Collector (HHDC) system as constants identified within the complex site supplementary information (BSCP514/8.4.9). In Figure 1, for a given Settlement Period, customer 1's HH Advances Y of 10 kW will be scaled up to the Boundary Point. If the losses on the network are 2%, then customer 1's HH Advances will be scaled up to 10.2 kW**.** If the Boundary Meter is registering 20kW, the private network owner's HH Advances will be 20 – 10.2 = 9.8 kW.

- By not adjusting the Third Party Meter HH Advances for losses on the private network. This means that all such losses remain the responsibility of the Boundary Point Supplier for BSC purposes (but does not preclude the private network owner from including an allowance for losses on the private network in the use of system charges made to Third Party Suppliers and/or customers). In this case, using the same figures as above, no compensation will be applied to customer 1's meter. Therefore for customer 1, 10kW will enter Settlement for that period and the private network owner's HH Advances will be 20 – 10 = 10 kW. The 2% losses on the private network will be included in the private network owner's consumption.

In either case, the total losses on the network will be accounted for in Settlement. However, depending on the option chosen, the private network losses may be allocated to the customer or the private network owner.

Either option will be the subject of an Ofgem-approved methodology.

Note: The BSC requires Licensed Distributors to calculate Line Loss Factors (LLFs) that account for electrical losses between the Transmission Network and Boundary Point Meter of the private network, i.e. losses over the Licensed Distribution Network only. We would therefore expect the same LLF to be applied to the Boundary Meter and to the Third Party Meters on the private network.

Condition 2 - Informing all parties

Why should all parties agree?

Third Party Access impacts parties other than the Supplier of the embedded customer; it also requires an element of collaboration between different parties. It is therefore necessary for the Supplier in question to consult with and seek agreement from other impacted parties affected by the arrangements.

Who are the impacted parties?

In all cases, impacted parties will include at least:

- The Boundary Point Supplier;
- The private network owner;[3] and
- The Licensed Distribution System Operator (LDSO).

[3] Not a BSC Party.

Can I expect collaboration from the private network owner & Boundary Point Supplier?

As this is a legal obligation, we expect the private network owner and the Boundary Point Supplier to facilitate the customer application for third party supply.

ELEXON will facilitate and support parties gaining Third Party Access to the extent that ELEXON is able to do so in relation to BSC Settlement. Once the metering has been set-up, any further problems can be resolved by the Trading Disputes process.

Condition 3 - Appointment of common Party Agents

In order to maintain Settlement integrity, it is essential that Suppliers for embedded customers within the private network appoint the same Half Hourly Meter Operator (HHMOA) and the same Half Hourly Data Collector (HHDC) as the Boundary Point Supplier for the reasons explained below.

Appointment of HHMOA

The Boundary Point MOA will need to maintain accurate Meter Technical Details (MTDs) and the complex site supplementary information as required by BSCP514. Detailed technical information about Metering Equipment needs to be communicated to the HHDC for all Metering Systems involved, so that the HHDC can perform the differencing correctly. It is important that this information is accurate, and BSCPs 502[4] and 514 requires the use of a single MOA so that this MOA has visibility of all the Metering Systems that make up the private network.

Appointment of HHDC

One of the main risks to Settlement is the HHDC failing to subtract the consumption on the Third Party Meter from the Meter reading on the Boundary Point Meter. The Difference Metering arrangements in BSCPs 502 and 514 therefore require the use of a single HHDC with access to the HH data of all Metering Systems involved. It would not be appropriate for HHDCs to have access to Metering Systems (and related data) to which they have not been appointed by the Supplier.

How will I know which Party Agents to appoint?

The private network owner will share this information with the embedded customer and their registered Supplier once the customer has expressed an interest in seeking competitive supply.

Condition 4 - Provide ELEXON with MSIDs of the sites involved and use Meter Timeswitch Class '997'

Why do I need to provide the details of the MSID and use MTC 997?

Currently, there are no existing mechanisms in the industry processes to identify Settlement Metering Systems that are embedded in private networks. A Meter Timeswitch Class can help potential Suppliers identify whether differencing arrangements and dispensations are relevant for a particular customer.

Providing a list of the MSIDs will allow ELEXON to maintain a record of which sites are using the Difference Metering arrangement on a private network. This is important to allow the SVG to monitor the number of sites involved, so that it can consider whether any further compliance checks are necessary (e.g. a targeted Technical Assurance Agent check under the Performance Assurance Framework (PAF)).

[4] 'Half Hourly Data Collection for SVA Metering Systems registered in SMRS'.

How do I enable MTC 997?

To enable MTC 997 in a particular distribution area[5], you will need to link the MTC to the LDSO Market Participant ID (MPID) in Market Domain Data (MDD). To do this, you will need to complete a BSCP509[6]/01 form and an Entity 53 form[*], available here. BSCP509 requires changes to this entity to be agreed with the relevant LDSO prior to formal submission of the change. The forms should be submitted to the MDD Coordinator by the relevant deadline. You can view the MDD release schedule here.

When creating a HH combination, you must ensure that the MTC is available within that distribution area by filling out an Entity 53 (MTC for Distributor) form. The combination is then built up by completing an Entity 55 (Valid MTC Line Loss Factor Class combination) form, as long as a Line Loss Factor Class (LLFC) already exists. Where a new LLFC has to be created, the LDSO will need to complete an Entity 17 (LLFC) form.

All MDD BSCP509 forms are available here.

If MTC 997 is not enabled within my distribution area or there is a new LLFC that needs to be created, do I need to wait for the combination to be live in MDD before I can use D/380?

You can use D/380 as long as you can show evidence that you are progressing the required changes in order to have a valid LLFC/MTC combination. A valid LLFC/MTC997 combination is needed to ensure MSIDs within private networks can be identified; hence it is desirable to have a valid combination implemented as soon as possible.

We recognise there can be a lead time in progressing the necessary MDD changes. The purpose of D/380 is to accelerate customers' access to competitive supply, and in such circumstances Registrants should therefore use a different valid LLFC/MTC combination for the time being and switch to MTC997 as soon as a valid LLFC/MTC997 combination is available.

Where should I send the information to ELEXON?

You can find the D/380 Declaration of Use/Compliance Form on the BSC Website at: Metering Dispensations

Please complete this form and return it by email to dispensations@elexon.co.uk with 'D/380 declaration of use/compliance' in the subject line. The form requires a signature – this can be achieved by using an electronic signature, or by emailing us a scanned copy of the form.

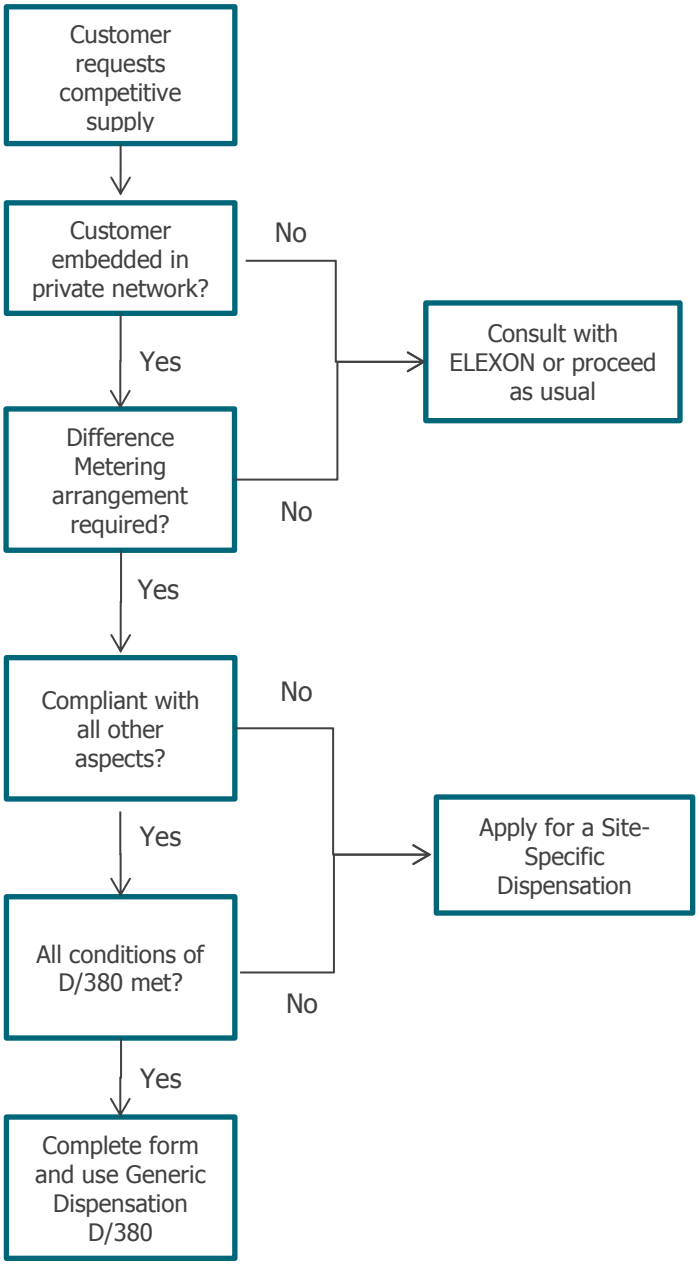
Condition 5 – Declare compliance

Generic Metering Dispensation D/380 is intended to cover 'standard' Difference Metering scenarios on private networks. In all other cases, i.e. where there are other non-compliances or complicating factors to be considered (such as non-standard current and/or voltage transformers), Registrants will need to apply for a Site-Specific Metering Dispensation which will be considered on a case-by-case basis. This can be done using BSCP32.

We need participants to consider all aspects of BSC and CoP requirements and confirm to ELEXON that, with the exception of the meter location, every aspect of their arrangement is compliant. The declaration should be made when informing ELEXON of the MSID using the same D/380 Declaration of Use/Compliance Form referenced above.

[5] This section only applies where no-one has previously used MTC 997 in that distribution area (and therefore it is not set up in MDD).
[6] 'Changes to Market Domain Data'.
[*] BSCP509 Appendix: MDD Entity Change Request Forms

Summary



Need more information?

If you require further information about the use of Generic Dispensation D/380 or the interaction between the Third Party Access arrangements and Settlement, please contact:

ELEXON's Metering Team: metering@elexon.co.uk

For more information please contact the **BSC Service Desk** at bscservicedesk@cgi.com or call **0370 010 6950**.