

Mr Michael Gibbons
BSC Panel Chair
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By email

Dear Mr Gibbons,

Haven Power's concerns regarding the implementation of BSC modification P272

We wrote an open letter to the industry setting out our concerns with P272 prior to Ofgem's decision to approve this modification for completion April 2016. Since the approval was given there has been considerable effort across the sector as participants have commenced detailed planning work to support the implementation of this change. It was always appreciated that the change of measurement class process would present a significant challenge as this already complex and difficult process has never before been achieved at such scale. However, several other difficulties have recently come to light concerning use of system charging which were not understood at the time the modification was approved and I would like to bring these to the attention of BSC Panel. My purpose in doing so is to both to alert you to the significance of the issues and to enlist the Panel's support to use its influence in an effort to resolve these matters quickly so that we maximise the prospects for achieving the deadline whilst minimising customer disruption and risk.

TNUoS Charging

National Grid has identified that in 2015/16 it will over-recover TNUoS income from suppliers of profile classes 5 – 8 because it will receive income from both NHH and HH (Triad) charges from a particular metering point if the change of measurement class takes place before March 2016. Unless NGET can find a solution to this problem suppliers will be forced for customer and economic reasons to delay the change of measurement class to the end of the Triad period, i.e. March 2016. Since the deadline for converting to HH settlement is 1 April 2016 this potentially means that a large number of conversions will be concentrated into just one month, placing a considerable strain on agents, MPAS operators and suppliers and resulting in the likelihood of large volumes of incomplete or defective conversions with a consequential impact on the accuracy of electricity settlement. The foreseeable practical effects are large volumes of unresolved data exceptions and ambiguities within agent and supplier systems leading to the risk of double counting volumes or not counting consumption at all along with sudden and potentially significant movements in GSPGCF.

DUoS Charging

The majority of customers within profile classes 5 – 8 have current transformer metering with maximum demand measurement. These will convert to measurement class E. Distributors are required to identify the maximum import capacity (MIC) for each site and suppliers need this information in order to provide the customer with revised contract prices. Awareness of MIC is very low amongst these customers and this has not been helped by the decline and ultimate elimination of explicit capacity charges following the introduction of supercustomer DUoS billing several years ago and the subsequent introduction of the CDCM. P272 requires a significant communication effort by distributors to inform customers of the results of the MIC assessment, and in many cases to actively negotiate an appropriate value as this will have ongoing financial consequences for customers. Under the National Terms of Connection the MIC has to be agreed between the customer and distributor and given the large number of sites involved the exercise is a large undertaking for

distributors which must be undertaken in the tight timescales available for P272. It is clear that there is no commonly agreed method amongst the distributors on how to set the MIC value and ensure it is electrically safe, appropriate and cost effective for the customer. Given the problems in both determining appropriate values and agreeing them with customers we are concerned that reliable MIC data will not become available in the timescale suppliers need to agree new contract prices with customers before we can progress the exercise to change measurement class. This again leads to the risk of a large volume of conversions being forced into a short time period and consequential disruption to settlement accuracy.

These issues have serious financial impacts on customers and suppliers. We are engaging with DNOs and NGET on the importance and urgency of these matters. I am also raising these points with Ofgem and the DCUSA panel. By restricting the available timeframe for executing the conversion to HH they enhance the risk to settlement processes. I am also concerned that negative customer experiences associated with this change has the potential to tarnish the view of the individuals who will soon be approached to have a smart meter fitted and this could adversely affect the smart meter implementation programme.

I would welcome the support of the Panel in assisting to raise the profile of these problems. Please let me know if you need more information.

Yours sincerely

(by email)

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