

Issue Report

Issue 50 'Customer Appointed Agents'

ELEXON



Any questions?

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About This Document

This document is the Issue 50 Group's Report to the BSC Panel. ELEXON will table this report at the Panel's meeting on 11 September 2014.

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Background

Npower raised Issue 50 to explore the issue where Suppliers have with managing their Supplier hubs where one or more of their appointed agents are contracted by the customer and with no contract or existing relationship between the Supplier and agent. This can result in the agent not fulfilling some of its responsibilities and impacting on the performance of the Supplier with respect to collecting Meter readings and passing on certain data flows. An Issue Group was convened to consider the issue and potential solutions.

Conclusions

Npower and ELEXON agreed to close Issue 50 following discussions on potential ways forward to address the issue. The conclusion from the discussions was that there was no viable Modification, but there were potential steps that could be undertaken to address customer contracted Supplier Agent performance and non-compliance under the Performance Assurance Framework. As such, npower agreed with ELEXON's suggestion that it present its concerns to the Performance Assurance Board (PAB), which it hopes to do later this year.

Supplier hub governance

Electricity metering competition was introduced in Britain under the Electricity Pooling Agreement in 1994. This allowed customers to appoint Supplier Agents (that is Meter Operator Agents (MOAs) and Data Collectors (DCs)).

Unlike Suppliers, agents are not signatories to the BSC and are not licenced. As such, the Balancing and Settlement Code (BSC) includes the principle of the 'Supplier hub'. This puts a requirement on Suppliers to manage agent performance and ensure that the agents meet their responsibilities. Suppliers usually manage this through contracts with the agents.

Where a customer has contracted with an agent, the Supplier may feel obligated to appoint the customer's chosen agent to ensure that it does not lose its contract with the customer. This is as opposed to the typical process where the Supplier selects and appoints the agent with a contract between the Supplier and agent.

What is the issue?

Where the Supplier has appointed a customer's agent, it can be difficult for the Supplier to manage performance against industry targets and risks non-delivery of specific obligations. The BSC is silent on the practice of customer appointed agents.

Customers appointing their own agent is increasingly popular and the trend may grow with the roll out of smart metering and residential consumers forming consortiums to get the best energy deal. Therefore, the potential for performance and non-compliance increases.

Npower raised Issue 50 on 26 June 2013 to look at the best approach to ensuring that the BSC reflects changes to the industry landscape and places accountability for the delivery of performance measures on the appropriate parties.

Potential solutions

Npower identified four potential options it wanted to explore with the Issue Group. These were:

- To amend the BSC to reflect the customers' ability to choose their own agent(s).
- To change the Qualification process to ensure that customer chosen agents have measures to ensure that non contract services are provided for customers where required.
- A combination of the two above approaches.
- To look at alternative arrangements that could be made outside and/or within the BSC.

3 Issue Group's Discussions

The Issue Group met once on 14 August 2013 to explore the issue and potential solutions.

General views on the Issue

The Issue Group agreed that there is an issue and that it affects both the Half Hourly (HH) and Non-Half Hourly (NHH) sector. However, as the individual NHH customers are less valuable, there is less incentive to resolve; pressure is also less due to the 14-month reconciliation.

The Group noted that, although the customer may nominate an agent, it is the Supplier that appoints the agent. Therefore, it concluded that the Supplier is not obligated to appoint the customer's agent if it feels that it cannot manage the agent. Where appointed, the Group agreed that the Supplier hub principle doesn't work so well, especially if the Supplier doesn't have an existing relationship. It is also considered to be more of an issue for smaller Suppliers. The Group also felt that where the agents are different companies, this could make things worse.

Customer and contractual issues

The Issue Group believed that customers' focus is on energy management. Therefore, it would not be concerned with Meter readings.

The Group noted that the use of Third Party Intermediaries (TPI) is often the root cause of many of these issues, which can leave the customer not knowing who the Supplier Agents are. This in turn can lead to the Supplier unable to appoint the customer's agent. Once it does know it will then appoint the agent, resulting in change of agent activities a few days later. This then can result in performance issues. Following the Issue Group meeting, ELEXON informed the Group that [Ofgem was consulting on TPis in the market](#), which closed on 23 August 2013.

Change of tenancy can be an issue, causing delays. The [Association of Meter Operator's](#) guidance was mentioned as a means for dealing with this and it was agreed that it would be useful for this to be distributed to the Group. There was also some discussion about the de-energisation/disconnection process, which was outside the scope of this Issue. ELEXON advised that this could be progressed separately and that there are plans to review the associated processes following a decision on [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#) decision.

The Issue Group noted that these are contractual issues (and therefore outside of the BSC remit) and felt that it would be useful to re-convene the Supplier Hub Forum (previously chaired by npower) to discuss these issues further.

Metering Equipment and Meter Technical Detail issues

The Issue Group agreed that Meters with remote reading capability ('advanced Meters') with no activated communications is the main issue for Suppliers. Either the customer hasn't arranged with its MOA to activate communications or there is a fault. The Group believed that this may be because the customer may not want the additional charges or, it hasn't contracted with a DC to carry out site visits to take Meter readings. This then means

that the Supplier needs to arrange and pay the DC to collect Meter readings taken with a hand held unit (HHU). These reads are considered to be less accurate and the customer usually doesn't understand why there are additional costs.

Initially the Group thought that the BSC didn't reference Communications Equipment in the BSC. However, ELEXON established that this is defined in BSC Section X Annex X-1 and includes reference to modems. The Group noted that the subscriber identification module (SIM) is not included in this and usually is part of a separate contractual arrangement.

In addition, the Group identified an issue with agents not passing on Meter Technical Details (MTD), and sometime when they do these are inaccurate or incomplete. It wasn't clear that the issue was specific to the D0313 'Auxiliary Meter Technical Details' or D0150 'Non Half-hourly Meter Technical Details' data flows. The Group:

- noted that early advanced Meters wouldn't have had D0313 data flows and this can mean this will be missing or would need to be created from scratch;
- noted that there were no provisions for ensuring that the MTDs are accurate, only received; and
- felt that it would be useful to look at the timescales for providing MTDs to see if these should be reduced, and asked ELEXON to look into the percentage of MTDs that are provided within two Working Days. This was subsequently not progressed due to the closure of the Issue.

Views on agent performance

The Group noted that agent performance might be the BSC applicable method of resolving this issue. It noted that:

- The two standards for actual Meter reads (99% for HH & 97% for NHH¹) remains an incentive on Suppliers and agents to resolve issues. It was suggested that these standards could be incorporated into contracts wherever possible.
- The Supply Licence Condition relating to Inspection of Electricity Meters requires the Supplier to carry out safety checks at least once every two years where it has been the Relevant Electricity Supplier for the duration of that time. However, the BSCP504 'Non Half Hourly Data Collection' only requires the DC to inspect the Meter if visiting, which means that the Meter reading may not be taken for some time.
- The PAB has recently increased its focus onto agent performance, which may address the issue.
- Publicising agent performance may help focus and incentivise agents to improve performance. The PAB had considered this previously but concluded that this would need a Modification to the BSC.

¹ The Performance Level for 100kW HH Metering Systems is 99% of actual Meter readings by Initial Settlement Run; and for non 100kW HH Metering Systems and NHH Metering Systems, it is 99%.

Closing of Issue 50

The Issue Group was due to meet again in October 2013 to consider various scenarios identified by npower. However, following the first meeting, npower concluded that it wanted to explore a potential Modification with the Issue Group and so the Issue was put on hold whilst npower developed the draft Modification.

Following discussions between npower and ELEXON on potential ways forward to address the issue, npower and ELEXON agreed to close Issue 50. It was concluded that there was no viable Modification, but there were potential steps that could be undertaken to address customer contracted agent performance and non-compliance under the Performance Assurance Framework. As such, npower agreed with ELEXON's suggestion that it present its concerns to the PAB, which it hopes to do by the end of 2014.

ELEXON will circulate to the Issue Group any non-confidential outputs from npower's presentation to the PAB to provide a level of transparency around options and next steps.

Appendix 1: Issue Group Membership

Issue Group membership and attendance

Issue 50 Group Attendance		
Name	Organisation	14 Aug 13
David Barber	ELEXON (<i>Chair</i>)	✓
Simon Fox	ELEXON (<i>Lead Analyst</i>)	✓
Keith Campion	ELEXON (<i>Design Authority</i>)	✓
Matt Keen	RWE npower (<i>Proposer</i>)	✓
Keren Kelly	npower	✓
Julie Woulds	IMServ	✓
Lorraine Smith	IMServ	✓
Richard Hill	IMServ	✓
Eric Graham	TMA	✓
Tom Chevalier	AMO	✓
Colette Baldwin	E.ON	✓
Colin Paine	GDF Suez	✓
Peter Gray	SSE	✓
Lee Firek	British Gas	✓
Paul Reid	Siemens	✓
Damien Coleby	Siemens	✓
Jonathan Dixon	Ofgem	✓
Eddie Proffitt	MEUC	✓
Ed Sutton	Stark Software	✓

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Appendix 2: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
BSC	Balancing and Settlement Code
DC	Data Collector
HH	Half Hourly
MOA	Meter Operator Agent
MTDs	Meter Technical Details
NHH	Non Half Hourly
PAB	Performance Assurance Board
SIM	subscriber identification module
TPI	Third Party Intermediaries

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0150	Non Half-hourly Meter Technical Details
D0313	Auxiliary Meter Technical Details

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
4	Ofgem consultation on TPIS in the market on the Ofgem website	https://www.ofgem.gov.uk/ofgem-publications/74752/tpi-con-doc.pdf
4	P272 page on the ELEXON website	http://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/

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