RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

FINAL CHANGE REPORT

R0015 – REMOTE COMMUNICATION OBLIGATIONS FOR ELECTRICITY ADVANCED METERS

CHANGE REPORT	FINAL
DOCUMENT VERSION	3.0
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DOCUMENT APPROVAL STATUS	POST-VOTE

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	HIGH	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	29/04/2022

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This Proposal seeks to introduce an explicit obligation under the REC regarding the provision of active remote communications for electricity Advanced Meters. This supports an effective transition for the Advanced Meter segment, ahead of the Market-wide Half Hourly Settlement (MHHS) Programme migration deadlines.

TECHNICAL LEAD

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High Impact:	Metering Equipment Managers
Medium Impact:	N/A
Low Impact:	Energy Suppliers, Half Hourly Data Collectors

RESPONSIBLE COMMITTEE DECISION

On 21 February 2023, the Change Panel voted to recommend that the Authority **APPROVE** R0015 for implementation on 30 June 2023, if Authority approval is received by 29 March 2023; or, the next standard release that provides at least 3 months' lead time from Authority approval.

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BACKGROUND

1 SUMMARY

The Code Change and Development Group (CCDG) is one of three industry working groups supporting Ofgem's Significant Code Review on Electricity Settlement Reform.

The CCDG identified that a key enabler of an effective transition to Market-wide Half Hourly Settlement for the Advanced segment will be to set explicit Half Hourly (HH) Settlement and remote communications obligations for Current Transformer (CT) and Whole Current (WC) Advanced Meters, ahead of the migration to Market-wide Half Hourly Settlement.

The CCDG developed recommendations to ensure a smooth and efficient transition to MHHS. The industry were consulted on the recommendations and the outcome determined that the following recommendation be progressed in respect of electricity Advanced Meters (Recommendation 3 within their 'CCDG Recommendations on the Transition to Market-wide Half-Hourly Settlement'):

- For CT Advanced Meters settling Non-Half Hourly (NHH), a period of mandatory Change of Measurement Class (CoMC) activity running from October 2022 to October 2023;
- Where possible, Whole Current (WC) Advanced Meters settling NHH are moved to settle HH via CoMC by October 2024. This will simplify the migration process but should not be mandated; and
- For all Advanced Meters (CT and WC) settling NHH, the mandatory CoMC activity should be supported by an obligation to ensure that remote communications are fitted and working, for CT Metered MPANs by October 2023, and for all Advanced Meters by October 2024.

This Change Proposal seeks to introduce an explicit obligation under the Retail Energy Code (REC), regarding the requirement to have active remote communications for Advanced Meters. The Proposer initially put forward an implementation date of March 2023 for CT Advanced Meters and for all Advanced Meters by October 2024, so that active remote communications would be in place ahead of the CoMC activities.

Currently, neither the Balancing and Settlement Code (BSC) nor the REC explicitly states that the provision of remote communications to any Supplier Volume Allocation (SVA) Metering Systems should include a requirement that they are maintained and working.

2 AUTHORITY DECISION TO SEND BACK

On 10 August 2022, the Metering Expert Panel voted to reject the change. Following this rejection, the Code Manager still believed there was a case for change and appealed the decision of the Metering Expert Panel to the Authority. On 1 December 2022, Ofgem published their decision to send the Change Proposal back for further analysis:

> "The Authority directs the REC Change Panel as follows:
>
> 1. The vote made by the Metering Expert Panel on the 10 August 2022 on R0015 shall be considered null and void.

2. That henceforth the modification will be developed as an Authority-approved modification and that, once a recommendation is made on the modification, it is resubmitted to the Authority for a decision on whether to approve or reject it.

In order to ensure that the Authority is provided with the information that it requires to make a decision on R0015, the Authority directs that:

3. Evidence is provided that the proposed timescale for R0015 is necessary, particularly considering the current timescales for BSC modification P432. This evidence should take appropriate account of when migration activity is proposed to begin under P432.

4. The impact that R0015 will have on migration activity irrespective of BSC modification P432 is taken into account, and to consider if there is any benefit for a period between R0015 coming into force, and the start of migration activity.

The Authority directs that, after addressing the issues above, Modification R0015 should be resubmitted to the Authority in order for the Authority to determine whether to approve or reject the modification. The modification should be resubmitted as soon as practicable and by no later than 28 February 2023."

The full decision letter can be found here.

The Change Proposal Plan was re-baselined on 20 December 2022 and this Send Back Change Report has been produced to enable the REC Change Panel to make a recommendation to the Authority following industry consultation.

3 PROBLEM STATEMENT

The Balancing and Settlement Code is seeking to mandate the Half-Hourly Settlement of electricity Advanced Meters ahead of the transition to Market-wide Half Hourly Settlement. In order to support this transition, these meters will need to support remote communications to allow half hourly consumption data to be collected. There is currently no explicit requirement for Energy Suppliers and/or Metering Equipment Managers to ensure these meters have working remote communications, which could impact the successful migration of these meters to the new arrangements.

4 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As an electricity Consumer with an Advanced Meter, I want my usage data to be accessed remotely from my meter, to reduce the need for on-site visits and ensure that I receive timely and accurate bills.
MARKET PARTICIPANT USER STORIES	

M1	As the Market-wide Half Hourly Settlement (MHHS) Programme I want to see an effective, early migration of NHH settled Advanced Meters to HH settled, to reduce the risk of missed migration deadlines and ensuring sufficient time to resolve 'problem' sites ahead of the MHHS migration deadline.
M2	As an Energy Supplier I want to obtain usage data remotely, reducing the need for on-site metering reading activity, enabling me to settle and bill accurately.
M3	As a Metering Equipment Manager (MEM), I need to understand any changes to obligations that may impact my business, so I can engage in the change process and plan any required changes to my systems, processes, and organisation.

PROPOSAL

5 ORIGINAL PROPOSED SOLUTION

Details of the proposal that was previously progressed, and voted on by the Metering Expert Panel on 10 August 2022, can be found in sections 4-10 of the R0015 Final Change Report v1.0.

5.1 ORIGINAL SOLUTION ELEMENTS

5.1.1 THE OBLIGATION

Analysis under this Change Proposal determined that a new REC obligation would be best placed on the MEMs, as the REC Party responsible for the installation and maintenance of Communications Equipment. Furthermore, the obligation should be high-level, to avoid being prescriptive in how the obligation should be met.

Consideration was given to whether it was appropriate to set the obligation for all Advanced Meters, rather than CT meters only. The conclusion of the analysis by the working group of industry experts was that an obligation for all Advanced Meters is appropriate to support:

- the overarching energy market shift to remote access to consumption data;
- enabling the identification of blockers to migration under the MHHS Programme so that the industry has more time to resolve 'problem' sites where issues could delay migration completion; as well as,
- the ongoing success of Half Hourly settlement.

The Electricity Supply Licence Conditions set out the requirements on Energy Suppliers in respect of Advanced Meters. The Code Manager considers that the licence condition expects that Communications Equipment is installed, and remote communications are active.

The licence conditions describe an Advanced Meter as an electricity meter (either on its own or with an ancillary device) that:

- provides measured electricity consumption data for multiple time periods, and is able to provide such data for at least half-hourly time periods; and

- is able to provide the licensee with remote access to such data.

Although indirectly, MEMs currently discharge this obligation on behalf of Energy Suppliers, the addition of the specific requirement into the REC schedule will make the obligation more specific that the MEMs should ensure that the Communications Equipment is active and is able to provide remote access to consumption data.

This supports the MHHS Target Operating Model[1] which assumes that Advanced Meter consumption data is accessed remotely. The introduction of the REC obligation being in place in advance of migration also supports the final CCDG recommendations:

> "The CCDG recommends that the supporting obligation on Meter Operator Agents (MOAs) to ensure that remote communications are fitted and working for all Advanced Meters is introduced earlier to ensure (subject to all reasonable steps) that this has time to be completed before Suppliers begin the CoMC process in April 2023"[2]

The high-level obligation will be set out in the REC as a new paragraph within the Metering Operations Schedule. It will purposefully not define the detailed processes for all scenarios related to instalment, maintenance or change of MEM so as to enable the MEM to develop appropriate solutions to meet their obligation.

5.1.2 ALL REASONABLE STEPS

The solution has been proposed as an 'all reasonable steps' obligation. It has been deemed appropriate specifically for this obligation as it is recognised that complete compliance may not be possible due to site-specific circumstances. For example, MEMs cannot always be guaranteed access to all Metering Equipment, such as those located on Ministry of Defence sites.

Existing case law has provided guidance as to the key characteristics of the most commonly used endeavours clauses and how they sit on the spectrum of obligations.

'Best endeavours' have been judged by standards of reasonableness, requiring the contractor to take 'all reasonable steps' in their power. These would be that which a prudent or determined person would have taken, when acting in their own interest and striving to achieve what is required. This can include obliging the contractor to sacrifice their own commercial interest, but it does allow the contractor some regard for its own commercial interests. Mitigating factors are:

- It would not expect the contractor to take action resulting in the financial ruin of the company, or completely disregard the company's interests
- Equally, it would not expect a contractor to take a futile action – taking actions that have no chance of success[3,4]

[1] MHHS Target Operating Model
[2] Page 10, 'CCDG Recommendations on the Transition to Market-wide Half-Hourly Settlement'
[3] Rhodia international Holdings Ltd v Huntsman International LLC [2007]
[4] CPC Group Ltd v Qatari Diar Real Estate Investment Company [2010]

Using terminology consistent with the REC, 'all reasonable steps' has been proposed as the next level of burden, where an absolute obligation is not achievable. This reflects industry feedback from both the CCDG consultation and the Party IA for this Change Proposal. 'All reasonable steps' sets the expectation that MEMs should take all reasonable courses of action to ensure active remote communications are established and maintained to ensure that all of the MEMs existing and newly acquired sites have active communications.

It should be noted that this proposed solution does not put in place any new assurance measures. The responsibility for how the obligation is met will sit with the MEM. Disruptions to communications are expected to be resolved under the existing fault resolution processes as set out in Section 18 of the Metering Operations Schedule. It will be the responsibility of the appointed MEM to determine what 'all reasonable steps' means for each site.

By including 'all reasonable steps' in the Metering Operations Schedule it should be noted that it will only apply to the obligation created by this Change Proposal.

The inclusion of 'continuous' in the text requires MEMs to follow all reasonable courses of action to maintain remote communications, whether through fault resolution or through collaboration with other MEMs where communications are interrupted during a Change of Agent (CoA).

6 SEND BACK PROPOSED SOLUTION

Following the Authority direction, the Code Manager has revisited the solution in order to develop an updated proposal for both the obligation effective date, which was originally split between CT and WC Advanced Meters, and the Change Proposal implementation date. The original dates proposed were no longer achievable by the point the Authority was making their decision.

6.1 APPROACH

Working with the Proposer, the Code Manager has taken into consideration the revised timeline for P432, of which two key elements are relevant to R0015:

Firstly, P432 will require HH Settlement of CT Advanced Meters by MHHS Milestone M14, which has the date of 16 March 2026 in the MHHS Replan Round 3 Consultation. This is the milestone by which all Suppliers must be able to access MPANs under the new Target Operating Model (TOM). By targeting this milestone, P432 provides Suppliers with the option to follow the CoMC migration of NHH CT meters or to migrate them straight to the MHHS TOM.

Secondly, the BSC Panel has recommended the implementation date for P432 as:

- 29 June 2023 as part of the Standard June 2023 BSC Release, if the Authority's decision is received on or before 29 March 2023;
- or three months after the Authority's approval, if the decision is after 29 March 2023.

This implementation date was identified for P432 to update the BSC at the earliest opportunity with new definitions and to ensure the HH Settlement obligation for new connections for CT

Advanced Meters comes into effect at the earliest opportunity. The detail behind this is set out in the P432 Final Modification Report v2.0.

When considering revised timelines, the Code Manager has maintained the following principles, originally put forward in August 2022:

- To support delivery of the Supplier Licence Condition for Advanced Meters; and
- To meet the CCDG's recommendation principle that remote communications are in place and working prior to CT Advanced Meters being migrated to Half Hourly Settlement

The following, additional or amended, requirements were identified prior to drafting the updated solution:

- Parties should be given appropriate time to identify gaps, create and execute their plans for a path to resolution for any relevant meters. This may include activities such as site visits, change of metering, contract negotiations, change in business processes
- Only one obligation effective date is required for WC and CT Advanced Meters, as there is no longer the short-term driver for CTs to migrate to HH under P432
- The R0015 timeline should contribute to enabling parties to coordinate activities to meet obligations across R0015, P432 and MHHS, therefore avoiding distraction from MHHS implementation itself but still removing barriers in advance where possible

6.2 PROPOSED SOLUTION

The proposed solution will introduce an obligation on the MEMs, as the REC Party directly responsible for the management of Metering Equipment, including Communications Equipment as set out in Paragraph 2.13 of the Metering Operations Schedule. A new paragraph will be added to the Metering Operations Schedule:

> **2.14 Each electricity Metering Equipment Manager shall take all reasonable steps to ensure that the Communications Equipment for each electricity Advanced Meter is active and maintained to provide continuous remote access to electricity consumption data, from no later than the start of the window during which Electricity Suppliers are obliged to migrate Metering Points with Advanced Meters to the arrangements established via MHHS Implementation (as defined in the BSC).**

This proposed legal text:

- maintains the wording of the solution proposed in August 2022,
- removes the split obligation dates for CT and WC meters and

- aligns the obligation effective date to the start of MHHS migration for Advanced Meters. This is MHHS Milestone 11, which has the date of 04 April 2025 in the MHHS Replan Round 3 Consultation. During the recent industry engagement parties were supportive of the lead time this date provided to complete activities and no activities were called out that might need more time.

The proposed solution that was published for consultation set a fixed obligation effective date of 01 April 2025. This targeted remote communications being in place ahead of the start of MHHS migration and is a year ahead of P432's CT Advanced Meter Mandate Date. This was to provide the opportunity to de-risk the MHHS programme from remote communications issues well ahead of the industry being able to have all MPANs accessed under the MHHS TOM.

Although the Code Manager still sees the benefit of this fixed date, and the majority of respondents to the industry consultation agreed that the fixed date provided adequate lead time to meet the obligation, it recognises there was a strong preference that the effective date should be tied to the MHHS programme timeline.

Linking the obligation effective date to the start of migration for Advanced Meters allows parties to have as much time as possible, prior to the start of migration, as well as maintaining a single place for governance within organisations for their MHHS and other dependent changes. This was supported during follow up engagement with the Change Panel and consultation respondents who were able to provide further justification to support their views.

The Code Manager has considered in the send back proposed solution, whether the obligation effective date should be tied to the end of migration. We believe that the original intention of the CCDG recommendation holds value in that it can offer certainty ahead of migration where work has been completed and shouldn't create a risk to migration. Industry parties have supported that addressing communications issues ahead of migration is achievable. The Code Manager requested further evidence that supports tying the obligation effective date to the end of MHHS migration. However, the additional information has not adequately demonstrated that there will be additional cost or volumes to address because of the obligation date being set earlier.

An earlier obligation effective date was considered to enable a longer period for CT Advanced Meters to be migrated to HH Settlement, following the point at which remote communications had the best opportunity of being in place. However, due to the meters targeted (those without remote communications in place) being a subset of the 50,000 Advanced Meters identified by the BSC, this was not deemed necessary. Resolving this volume of meters should be achievable within the 12 months already available before the P432 HH Settlement obligation date for CT Advanced Meters.

7 SEND BACK INDUSTRY ENGAGEMENT

A webinar was held on 11 January 2023 which was attended by 19 industry representatives from 16 organisations, in addition to the Code Manager representatives.

Overall attendees were supportive of the draft proposed solution and timelines that were presented and the reasoning behind it. The Code Manager therefore took the unchanged draft forwards as the proposal for the industry consultation.

8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0015 can be found here. These reflect the updates made following the send back consultation.

9 DELIVERY AGAINST CHANGE PROPOSAL PLAN

Following the Authority decision to send back R0015, the Change Proposal Plan was updated, setting out a timetable for R0015 to be resubmitted to the Authority no later than 28 February 2023.

To date all activity has been completed within the planned timescales and all assumptions were closed prior to this send back consultation.

The Change Proposal Plan can be found here.

10 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

10.1 RISKS AND ISSUES

No.	RISK	NOTES	MITIGATION
R1	The business case is not supported by a full cost benefit analysis assessment	It has not been possible to include one in this report because the impact assessment and consultation responses from REC Parties provided only an extremely limited view of costs	The Code Manager considers the operational costs indicated in responses are costs that would already expect to be incurred to meet the existing licence condition obligations

No.	ISSUE	NOTES	HOW TO PROGRESS
I1	There is a desire from industry to address an issue regarding closed, or private communication networks on a CoA through clarification in the process steps under the Metering Operations Schedule	Development of a solution for the specific CoA issue would have meant an inappropriate delay to the development and implementation of the solution to address the R0015 problem statement	REC Issue, RI-0030, has been raised to assess the appropriate path to address this additional requirement

10.2 ASSUMPTIONS AND DEPENDENCIES

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A1	Supply Licence Condition 12.19 intends that remote communications means working communications in order to remotely share consumption data	The energy industry's move to Smart and Advanced Metering has a reliance on communications that are capable of giving access to consumption data in order for the industry to function as intended	Closed
A2	As of 01 January 2022, all Advanced Meters include remote Communications Equipment	Standard Licence Condition 12.27: "After the ARS Specified Date, the licensee must not supply electricity to a Designated Premises or Domestic Premises through a Current Transformer Electricity Meter which is not also an advanced meter." ARS Specified Date means 30 June 2021 or such later date as may be specified in a direction issued by the Secretary of State	Closed
A3	The obligation is required for all Advanced Meters, although the driver has come through requirements for NHH readiness for MHHS	n/a	Closed
A4	The obligation applies regardless of commercial arrangements, type of advanced Metering Equipment on site (CT or WC) or the current level and method of data collection	n/a	Closed
A5	The industry considers Communications Equipment to be part of the Metering Equipment –	REC Interpretations and Definitions Schedule	Closed

	this includes for Advanced Meters		
A6	From the obligation effective date, working remote communications will be the expected default – therefore sharing data between MEMs to confirm remote communications status should not be required	n/a	Closed
A7	BSC Modification P432, although supported by it, is independent to this Change Proposal	P432 will set explicit Half Hourly (HH) Settlement obligations for Current Transformer (CT) Advanced Meters to de-risk the migration to Market-wide Half Hourly Settlement (MHHS)	Closed
A8	This change is driven by a recommendation by the MHHS programme, it is an enabler but is not a deliverable of the programme		Closed
A9	The risks associated with the new obligation are to Settlement and are not Retail Risks		Validated in the SPIA response
A10	Solution development following the Authority Send Back has focused on the implementation and obligation timescales only	The Code Manager notes it has not been asked to revisit the driver, the CCDG recommendation, or the 'all reasonable steps' approach	Closed
A11	'All reasonable steps' will not be defined as part of R0015	'All reasonable steps' is purposefully not defined by the Authority or industry and is an established, proven, method for regulatory governance	Closed
A12	R0015 does not look to resolve wider communications issues in the market and these should be considered	For example, Parties have referenced equipment and/or technology availability in their responses	Closed

	under all reasonable steps at any given time		

No.	DEPENDENCY	NOTES	STATUS
D1	The implementation date for R0015 will be confirmed when the Authority makes its determination	A minimum 3-month lead time has been provided to ensure appropriate time is available for release planning, delivery and communications and engagement	Closed

11 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	30 June 2023, if Authority approval is received by 29 March 2023; or, the next standard release that provides at least 3 months' lead time from Authority approval.
PROPOSED IMPLEMENTATION APPROACH	BIG BANG

By the proposed implementation date being aligned with, although not directly tied to, that of P432, Parties will be able to coordinate activities to meet obligations across R0015, P432 and MHHS.

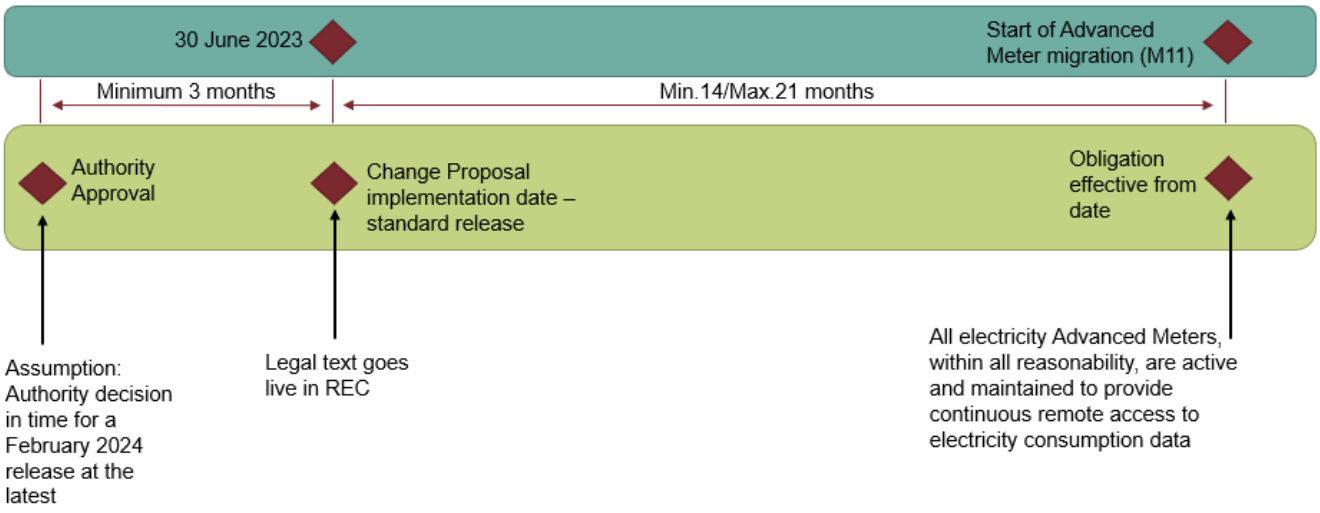
The June 2023 implementation date has been identified for P432 to update the BSC at the earliest opportunity with new definitions and to ensure the obligation for new CT connections comes into effect at the earliest opportunity.

This date is also appropriate for R0015 as it provides certainty through codification of the MEM obligation at the earliest opportunity. There is not a level of urgency for implementation that the Code Manager believes would justify an extraordinary REC release if approval is not provided by 29 March 2023. Therefore, R0015 will target the next standard release that would provide a minimum of 3 months' lead time following Authority approval. If this results in a different specific implementation date to P432, the Code Manager is still comfortable that the proximity of the implementation dates and aligned Authority approval timings will provide adequate alignment to meet the requirement for Parties to coordinate activities.

A 3 months' lead time is considered appropriate to allow the Code Manager adequate time for release planning, delivery and communications and engagement for a non-urgent Change Proposal. There are no requirements on Parties at the point of implementation when the legal text changes go live.

For clarity, the graphic below demonstrates the overall timeline for the Change Proposal. The legal text will go live in the REC on the implementation date. The obligation itself will become effective from the start of migration for Advanced Meters:

R0015 TIMELINE



12 SUMMARY OF SEND BACK CONSULTATION RESPONSES

A consultation was circulated on 20 January 2023 to obtain views on the Send Back Preliminary Change report, Link. In total eight responses were received from MEMs, Energy Suppliers and Data Collectors, three of which were fully confidential and one partially confidential. The responses have been consolidated and comments provided by the Code Manager. This can be found here.

The key themes from these responses have been summarised and set out below.

12.1 SUMMARY OF RESPONSES

12.1.1 COMMENTS ON THE SOLUTION AND LEGAL TEXT

Responses were split in their support for the solution, with one respondent disagreeing with the Change Proposal in its entirety.

All responses supported that there only needs to be one obligation effective date that applies to CT and WC Advanced Meters.

The majority of responses agreed that setting the obligation effective date prior to the start of MHHS migration for Advanced Meters was the right solution and would contribute to de-risking the MHHS programme. The majority also supported that 1 April 2025 provided adequate lead time to meet the obligation. However, the majority did not support a fixed obligation effective date, favouring tying the date to the MHHS programme milestones. Most indicated it should be M11 – Migration Start for Advanced and Unmetered Supplies.

Where the obligation date was not supported it related to hesitancy in whether communications and technical issues could be overcome in the lead time and also could not account for any gains to existing portfolios.

One response proposed that the obligation effective date should be the MHHS milestone, which marks the end of migration.

12.1.2 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

Five of the responses agreed with the Code Manager's recommendation that the Change Proposal should be approved, but with one of those respondents preferring for that the legal text should include greater clarity regarding outstanding communications issues. One respondent tied their agreement to the alignment with MHHS programme. One respondent only agreed with the approval if the licence condition was updated to remove potential for both a Supplier and MEM to be penalised for the same failure. One respondent disagreed with the recommendation.

12.1.3 IMPLEMENTATION APPROACH AND DATE

Six out of eight respondents agreed with the implementation date and approach, with no additional comments made. One respondent did not offer a response and one disagreed based on full rejection of the Change Proposal.

12.1.4 ORIGINAL CONSULTATION RESPONSES

A consultation was circulated on 10 June 2022 to obtain views on the original Preliminary Change Report. In total 3 responses were received, one of which was confidential. The consolidated consultation responses and comments provided by the Code Manager from the original consultation can be found here.

13 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

DOCUMENT	SECTION	AMENDMENT	REASON
Legal text	Schedule 14 – Metering Operations	Obligation effective date updated	To reflect the alignment with the MHHS programme
FCR	5	Added subsection 5.1 Original Solution Elements	To provide previous solution development detail relevant to the send back solution
FCR	6	Proposed solution updated with effective date tied to the MHHS migration start date for Advanced Meters	Code Manager recognises a clear preference from industry to align the R0015 solution with the overall MHHS programme

FCR	11	Updated timeline graphic	To reflect the obligation effective date update

14 BUSINESS CASE ASSESSMENT

The benefits for this change are linked to a Settlement risk, however Ofgem have estimated that the MHHS Programme will bring "net consumer benefits of between £1.6bn and £4.5bn over the period 2021-2045".[5]

The CCDG made the recommendation that for all Advanced Meters (CT and WC) settling NHH, the CoMC activity should be supported by an obligation to ensure that remote communications for CT Metered MPANs are fitted and working by October 2023, and for all Advanced Meters by October 2024. The associated CoMC activity and timescales have now been updated under P432. Although the timings have changed, the driver that remote communications should support Advanced Meter migration is maintained.

This change to the REC puts that obligation on MEMs, as the responsible party for managing metering equipment. The obligation clarifies the expectation regarding remote communications and their importance, as an active component of the Advanced Metering Equipment, in fulfilling licence condition obligations and for the success of the MHHS Programme.

14.1 COSTS

No costs have been identified for the Code Manager or the REC Service Providers.

Unspecified costs have been identified for MEMs for the following activities:

- where they may look to amend contracts or processes to be able to meet the obligation;
- where internal reporting would need to be introduced (minimal cost); and
- where contracts or processes need to be updated to adhere to the clarified CoA responsibilities (indicated as the most significant cost).

Costs identified during the Party impact assessment are primarily tied to the provision of reporting and the implementation of changes associated with clarifications in the CoA process steps. These costs have not been included in the business case assessment in this Final Change Report, as the proposed solution is to deliver the high-level obligation only.

The new REC obligation is intended to clarify the assumption of the licence condition obligation, that the Communications Equipment is active and providing remote access to data. The expectation is that Suppliers have the appropriate contractual arrangements in place with their appointed MEMs to meet these existing licence condition obligations. The Code Manager considers that there are no additional costs associated with the change as they are covered under existing commitments relating to the provision of Communications Equipment.

[5] Ofgem Determination on Retail Energy Code (REC) R0003 Market-Wide Half-Hourly Settlement Implementation and Governance Arrangements

14.2 BENEFITS

No quantifiable and measurable benefits have been identified for this Change Proposal. This Change Proposal is being progressed independently to the MHHS Programme and will not necessarily drive a benefits case sufficient to justify this specific change. However, as an enabling change this will contribute to the achievement of the identified net consumer benefits of the MHHS Programme, as detailed above.

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
LICENCE CONDITION OBLIGATIONS	There will be an increased incentive to ensure communications are working and to track issues where they do not. This will support improved compliance with the licence conditions related to Advanced Meters
MHHS PROGRAMME READINESS	• Supports an effective migration of Advanced Meters to being HH settled • Reduces the risk of missed migration deadlines • Ensures sufficient time to resolve 'problem' sites ahead of the MHHS migration deadline
BILLING BENEFITS	It is assumed there will be benefits to Consumer billing where the increased occurrence of active remote communications directly enables the efficient and timely retrieval of accurate consumption data

The benefits that the proposed solution will provide therefore outweigh the costs.

15 CASE FOR CHANGE

15.1 AUTHORITY DETERMINATION

The Code Manager believes that R0015 better facilitates the following REC Objectives:

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[6]	Positive	The implementation of R0015 provides an enabler to successful migration to, and operation under, the MHHS Target Operating Model which is being delivered as a positive and significant change to Settlement in the Retail Energy Market

[6] REC Mission Statement

To ensure customers interests and data is protected in the operation of the REC	Positive	The obligation will directly contribute to the increased occurrence of efficient and timely retrieval of granular consumption data available for billing purposes
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Neutral	This change has no direct impact to the operation of the REC and its central systems and communication

16 CODE MANAGER'S RECOMMENDATION

Based on the assessment in section 14 and 15 of this report, the Code Manager considers the REC Objectives would be better facilitated by this Change Proposal being implemented than would otherwise be the case.

The Code Manager's minded to position is that the Change Panel recommends that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 30 June 2023, if Authority approval is received by 29 March 2023; or the next standard release that provides at least 3 months' lead time from Authority approval.

17 RESPONSIBLE COMMITTEE DECISION

This report was discussed at the REC Change Panel meeting on 21 February 2023.

The REC Change Panel voted to recommend that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 30 June 2023, if Authority approval is received by 29 March 2023; or the next standard release that provides at least 3 months' lead time from Authority approval.

18 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
CONSOLIDATED SEND BACK CONSULTATION COMMENTS AND CODE MANAGER'S RESPONSES	Link
R0015 ORIGINAL PROPOSAL	Preliminary Change Report v2.0 – 27/05/2022 Consolidated Consultation document Consultation dates: 10/06/2022 - 01/07/2022 R0015 Final Change Report v1.0 – 29/07/2022
P432 FINAL MODIFICATION REPORT V2.0	Link
RELATED CHANGE(S)	BSC Modification P432
ANY OTHER DOCUMENTS / LINKS	Decision to Send Back Modification R0015 'Remote communication obligations for electricity Advanced Meters' | Ofgem 'CCDG Recommendations on the Transition to Market-wide Half-Hourly Settlement'

19 GLOSSARY

TERM	DEFINITION
Advanced Meter	has the meaning given to it in the Gas Supply Licence (for gas) or the Electricity Supply Licence (for electricity) Electricity Advanced Meter as defined in SLC12.9: an advanced meter is an Electricity Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Code: (a) provides measured electricity consumption data for multiple time periods, and is able to provide such data for at least half-hourly time periods; and (b) is able to provide the licensee with remote access to such data.
Balancing and Settlement Code (BSC)	means the Balancing and Settlement Code, as defined in the Electricity Supply Licences.

TERM	DEFINITION
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Half Hourly	refers to electricity being traded and/or settled on a half hourly basis.
Market-wide Half Hourly Settlement (MHHS)	Market Wide Half-Hourly Settlement will utilise the ability of smart meters to record a customer's usage during each half hour period to move domestic and small non-domestic customers to half-hourly Settlement. Medium and larger non-domestic consumers have been settled half-hourly since BSC modification P272.
MHHS Target Operating Model (TOM)	The Target Operating Model is the Settlement arrangements designed by the Design Working Group (DWG), and further developed by the Code Change and Development Group (CCDG) and the Architecture Working Group (AWG) that will facilitate Market-wide Half Hourly Settlement.
Measurement Transformer	means either a Current Transformer (CT) or a Voltage Transformer (VT) or a device carrying out both such functions, whose purpose is to enable the Metering Equipment to operate at a more convenient current and/or voltage than otherwise present.
Metering Equipment Manager (MEM)	means, as applicable, either: (a) for electricity, the Meter Operator Agent (as defined in the BSC) Appointed by an Electricity Supplier; or (b) for gas, the Meter Asset Manager (as defined in the UNC) Appointed by the Gas Supplier.
Non-Half Hourly	refers to electricity being traded and/or settled on a basis other than Half Hourly.
Retail Energy Code (REC)	means this Code, including its Schedules and the Technical Specification, maintained pursuant to the electricity supply licences granted under the Electricity Act 1989 and the gas supply licences granted under the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.
Settlement	means Settlement under the relevant industry codes (the BSC for electricity and the UNC for gas).
Subject Matter Expertise	means the individual(s) or organisation(s) contracted by RECCo and selected by the Code Manager for the purposes of analysing Change Proposals.
Supplier Agent	means a Data Aggregator, a Data Collector or a Metering Equipment Manager.
Supplier Volume Allocation (SVA)	As defined within the BSC: means the determination of quantities of Active Energy to be taken into account for the purposes of Settlement in respect of Supplier BM Units.

TERM	DEFINITION
Working Day (WD)	means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day that is a bank holiday in either or both England and Wales within the meaning of the Banking and Financial Dealings Act 1971.