

Committee(s)	Dated:
Barbican Residents Consultative Committee -For information Barbican Residential Committee – For information	5 th June 2023 19 th June 2023
Subject: Final Reconciliation Report of Barbican Estate Metering and Billing Issues	
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	2,4,5,11
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	No
Report of: City Surveyor	For Information
Report author: Emma Bushell	

Summary

This report presents the issues surrounding metering and billing accuracy across the communal underfloor heating supplies at the Barbican Estate. It sets out the actions the COLC Energy Team and vendors have taken to rectify the issues and changes to processes to ensure they do not reoccur. All incorrect billing of usage due to estimated data has been rebilled on actual data with the exception of Speed House data, which will be rebilled by June 2023.

Recommendation(s)

- Note incorrect billing of usage due to estimated data has been rebilled on actual data with the exception of Speed House data, which will be rebilled by June 2023
- Note the actions taken by COLC Energy Team and vendors to rectify and prevent incorrect billing
- Note the analysis of some blocks for agreed available capacity that is now with the sites for review

Main Report

Glossary of Terms and List of Vendors

1. Please find a glossary of terms and a list of vendors with details in Appendix 1.

Background

2. There have been numerous complex and intertwined issues surrounding the billing for the electricity supplies that serve the City’s portfolio, including communal underfloor heating systems across the Barbican Estate. These issues have been compounded by extreme price volatility in the global energy markets and Government efforts to mitigate the impact.
3. It should be noted that ordinarily commercial electricity prices are significantly cheaper than those available to domestic customers (Appendix 2). In addition to benefitting from cheaper prices commercial supplies are not subject to 20% VAT, further reducing costs.
4. Residents have repeatedly expressed concerns on the accuracy of the data used to compile the utility bills that are passed on to them through the services charge.
5. To tease out these complex issues this report separates out the core issues which are at the root of most of the recent concerns from the day-to-day issues to be expected and managed in a large portfolio such as we have at the City of London Corporation (COLC). It is acknowledged that for residents these issues and their cumulative impact on trust in accurate billing are experience as one.

Core issues

Meters with failed communication

6. Following the transfer to the new MOP in June 2021 the outgoing MOP service provider EDF approached Stark to adopt the existing telecommunication lines that send usage data from the meter to the supplier, Total Energies. However due to a missed email the lines were disconnected by the previous MOP service provider. Unfortunately, this resulted in estimated data being provided to the supplier for invoices.
7. Industry practice stipulates the supplier must bill using the data provided by the MOP. Stark provided estimated meter reads to Total Energies and this inaccurate data was used to generate invoices.
8. Stark provided usage estimates for the summer months of 2021 and 2022 which resulted in Speed House being overcharged. These charges are passed from DNO to the customer. The data becomes “settled” by the grid after 12 months, after which a dispute needs to be lodged with and agreed by Elexon.

What has been done?

9. COLC raised a formal contract dispute with Stark on 21st January 2023. Stark accepted responsibility for the loss of communication with the meters and as part of their response agreed to work with Total Energies to generate more accurate estimates. Stark provided a repair timeline and met with COLC weekly to report on progress of the BEO meters. Refer to Appendix 3 for a complaint timeline.
10. All phone lines have now been replaced, reinstating remote communication with the meters and enabling usage to be accurately monitored. This was at no cost to the residents nor City.
11. Stark have provided updated data flows to Total Energies for all heating supplies and Total Energies have rebilled where necessary. Team Energy have carried out an analysis of financial years 2021 and 2022 to check whether any additional rebilling was required. Further scrutiny of data provided from the DNO to Total Energies indicated that Total Energies rebilled according to revised data.
12. In addition to the analysis above that focuses on excess capacity charges Team Energy have also performed a deep manual analysis of the data, site by site, invoice by invoice to review the rebilling for consumption to provide final values for each site. Appendix 4 includes data for the 9 completed blocks. This is included to reassure residents that the rebilling against actual reads rather than estimated has occurred.
13. With respect to the specific issue at Speed House, Total Energies successfully raised the dispute to Elexon who oversee the balancing of the National Grid. The Elexon Board dealing with this dispute met in April and determined in COLC’s favour. Elexon have approved a revision to zero consumption of Speed House summer data from the months of June to September 2021. Stark have updated data flows and Total Energies will rebill accordingly. COLC Energy Team have carried out an initial calculation that indicates a rebate due of approximately £34,000 which will be rebilled in June 2023.

Changes to processes - Lessons Learned

14. During an in-person meeting on 21 April, the Managing Director of Stark apologised for this unfortunate instance. As such, they have overhauled their entire process relating to the adoption of phone lines for the purpose of meter communication at the point of taking over a new MOP contract. For this financial year, Total Energies and Stark have put steps in place to ensure that supplies will be billed to actual data. As of March 2023, all meters at the BEO have been recording data. Stark have also rolled out a new platform called “data health” which allows sites to check whether their meter is recording actual or estimated data. Site support is crucial to allow the data collector on access to meters and the COLC Energy Team will be working closely with BEO to ensure this is improved going forward.

EDI issues

15. Electronic Data Interchange (EDI) entails the transmission of invoices as structured information in an agreed format and is sent through entirely electronic channels. There have been several billing issues relating to EDI files sent by Total Energies to Team Energy, including Excess Capacity showing as 0 but there is a charge levied, EBRS rates not coming through and missing invoices.

What has been done?

16. City raised a formal contract dispute with Total on 2ND March 2023
17. Total have now implemented extra manual checks to ensure the EDI files match the invoices. Total will now add data actual/estimates flag to the Excel files accompanying the billing. In addition, Total and Team are now collaborating to provide extra validation between them.

Changes to processes – Lessons Learned

18. To avoid future recurrences of data issues, each vendor has set up their own process. Team Energy have flagged the accounts that should not see summer consumption. Stark have implemented a new data health tool on their website that sites can view if the meter is recording actual or estimated data. Finally, Total Energies have provided an accompanying spreadsheet to the monthly invoice files that include the meters recording actual or estimates.
19. Total Energies now include an extra look up validation when any prices may change to ensure the prices are billed correctly. This will happen prior to billing from the Total Energies pricing team, then another check will be implemented from the billing team once any accounts have billed. This is to ensure the rates have billed as expected. Team Energy will continue to pick up any pricing errors as they are validating the billing to ensure the prices billed are as expected. As a final step, the City of London's Energy Team have also set up a template based on Total Energies Excel files that will support the site monitor day/night/standing charges to ensure they are in line with agreed rates.

Delay to the start of the PPA

20. Laser negotiated the purchase of a pre-agreed volume of electricity that accounted for predicted output from the solar farm provided to the COLC via the PPA. However, there was a delay to the onboarding of the PPA resulting in a requirement for additional electricity volume. This required the purchasing of additional volume at a 'spot' price outside of the City's agreed advantageous contract price secured by Laser. Market volatility due to the conflict in Ukraine resulted in a high spot price for the additional required volume. The outwardly fair approach taken to covering this, was to spread the additional cost across all COLC supplies depending on their annual load within the standing charges. However, as this additional volume was required over the summer period it should not have been applied to the Barbican underfloor heating supplies. See background paper below for more information on PPA.

What has been done?

21. Following internal meetings with colleagues in finance it was agreed to remove the additional charges relating to the delayed PPA from the BEO underfloor meter supplies. The COLC Energy Team have since instructed Total Energies to retrieve these funds from the PPA generation payment.
22. Total Energies have issued the COLC Energy Team with a projected rebate for those sites impacted and these charges are due to be credited to the relevant supplies. These are included in Appendix 5.

Update on wider billing issues

Errors in standing charges

23. In the financial year 21/22 COLC were incorrectly credited approximately £400k against DUoS costs. As a consequence, the financial year 22/23 the City received a revised DUoS invoice, indicating a payment of approximately £200k. To lessen the financial burden to Barbican Estate residents COLC requested to spread the increased DUoS costs over 24 months. This required a manual entry of all the prices impacted, bypassing Total Energies normal system checks.

Ordinarily a one-off payment would be made for which the system automates the number thus avoiding human error.

24. To facilitate ad hoc requests in the future and mitigate the risk of human error Total Energies proposed that any ad hoc changes are validated by Laser, Total Energies and COLC Energy Team with a sign off process.
25. Total Energies have issued the COLC Energy Team with a projected rebate for each site. The approximate amount to be credited can be found in the “Estimated Balance After Credits” column in the Table in Appendix 5. Rebilling is anticipated between June – Sept 2023.

Changes to agreed available capacity

26. Up until 2021 the current agreed available capacity did not present an economic concern. Thus, the site would incur occasional charges when the agreed capacity was exceeded. Ofgem introduced DCP161 which meant that there have been increases in excess capacity charges.
27. COLC are working with Team Energy to review agreed capacity on a site-by-site basis to assess the value in increasing capacity and which will increase regular costs but avoid excess capacity charges. A list of 7 meters has been provided at this time, and if the site chooses to accept the recommendations, they will need to contact the DNO. Refer to Appendix 6.

Corporate and strategic implications

28. **Financial implications:** An extensive review has been undertaken by COLC Energy Team and vendors. Aside from Speed House all Barbican blocks have been reimbursed for any incorrect charges based on estimated data. Standing charges have been revised and sites will rebilled in June – Sept 2023.
29. **Legal implications:** We are seeking further legal advice from Comptrollers this is expected to cover aspects related to leaseholder interests and commercial legal advice.

Conclusion

30. The COLC Energy Team met with the BEO on 11 April 2023 to agree a methodology for communication moving forward.
31. Further, COLC Energy Team hosted an in-person meeting in April 23 with all the key stakeholders to address all the issues raised in this report. All stakeholders committed to working together more closely and set out the changes to their processes detailed in this report.
32. These issues have undermined trust in vendors. Consequently, the COLC Energy Team have prepared a dashboard for the site contact based on Total Energies invoice files. This dashboard sets out cost and consumption and includes a check to ensure the day, night and standing charges are correct.

Appendices

- Appendix 1 – Glossary of Terms and Key Players
- Appendix 2 – COLC Rate Vs Typical Domestic Rate
- Appendix 3 – Complain timeline
- Appendix 4 – Team Energy analysis
- Appendix 5 – Total Energies analysis
- Appendix 6 – Agreed available capacity analysis

Background Papers

2022/23 Electricity price Forecast Update – presented to Barbican Estate Residents Consultative Committee on 30th November 2022.

Report Author

Emma Bushell

Energy and Carbon Manager, City Surveyor’s Department

E: emma.bushell@cityoflondon.gov.uk