

**Modification Proposal P63: Change of Contract Management of MPANs for DCs,  
DAs and MOs**

**A BSC/MRA Joint Impact Assessment Consultation and Impact Assessment**

**For Attention of Parties, Party Agents and Supplier Meter Registration Agents**

**Date of Issue: 30 July 2002**

**Responses Due: 3pm Tuesday 13 August 2002**

**(Responses should be sent to: [Modifications@elexon.co.uk](mailto:Modifications@elexon.co.uk) and entitled: "P63 Assessment Consultation 3")**

**1. Background**

Modification Proposal P63 (P63) was raised by British Gas Trading on 6 January 2002. P63 suggests that an obligation is placed within the Balancing and Settlement Code (BSC) to ensure that it is possible to undertake changes of Party Agent for large volumes of metering systems. P63 suggested that there was an existing restriction of 20,000 CoAs within ELEXON systems and process<sup>1</sup>.

An Initial Written Assessment (IWA) was presented to the Balancing and Settlement Code Panel (the Panel) meeting on 17 January 2002. The IWA proposed that P63 be submitted to the Definition Procedure and that this work be undertaken by the Volume Allocation Modification Group (VAMG).

A Definition Procedure consultation document was issued to Parties on 20 February 2002 outlining the issues identified by both the IWA and the VAMG. The consultation document requested that Parties identify any further issues they would like the VAMG to consider as well as to provide information relating to their preferred implementation options.

A Definition Report was presented to the Panel meeting on 14 March 2002. The Panel determined that P63 be submitted to a 3-month Assessment Procedure with an Assessment Report being presented to the Panel meeting on 18 July 2002 with an interim report to be presented to the Panel meeting on 13 June 2002.

During the assessment procedure, two consultation documents<sup>2</sup> and one impact assessment<sup>3</sup> have been issued to BSC Parties. The first consultation sought to understand the constraints within Party, Party Agent and SMRA systems and processes. The second consultation sought views on a high level process that had been agreed by the VAMG. The Impact Assessment sought to understand to what extent any process developed as a result of P63 would be used.

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<sup>1</sup> During the progression of P63 through the Definition Procedure, the Volume Allocation Modification Group recognised that the constraints mentioned in P63 did not exist within any ELEXON systems or processes and that these constraints existed in Party, Party Agent or SMRA systems.

<sup>2</sup> Issued on 28 March 2002 and 20 May 2002

<sup>3</sup> CPC0190 was issued 12 June 2002

The interim report was presented to the Panel on 13 June 2002 and provided an update on the progress of the assessment of P63 and, recognising the complex nature of the potential solutions to the defect identified by P63, sought a 3-month extension to the Assessment Procedure timetable. This extension would allow assessment by the VAMG of the detailed level processes to be contained within Balancing and Settlement Code Procedures (BSCPs), that would be necessary to implement P63 were the Code modified to include a high level obligation on Parties, Party Agents and SMRAs. The Panel agreed to extending the assessment procedure for an additional 3 months, with the Assessment Report to be presented to the Panel meeting on 12 September 2002.

## **2 Modification Group Discussions**

The VAMG has met six times during the Assessment Procedure of P63. The dates of these meetings were 25 March 2002, 16 April 2002, 2 May 2002, 5 June 2002, 9 July 2002 and 22 July 2002. An initial consultation document was issued by the VAMG on 28 March 2002 in order to determine the extent of constraints that exist within Party, Party Agent and/or SMRA systems and processes. The responses were considered by the VAMG on 16 April 2002. The VAMG noted that the level of constraints identified by respondents to the consultation was considerably lower than those identified by the Proposer of Modification Proposal P63. Furthermore, the VAMG also noted that the respondents provided no rationale to justify such constraints. It was suggested at this meeting that some of the constraints identified by, in particular SMRAs, could be alleviated if the Supplier were to enter into commercial arrangements with each SMRA.

At the meeting on 16 April 2002, the VAMG considered an option for solving the defect identified by Modification Proposal P63. This was to use a CD-ROM to CoA the relevant data from the Supplier to the affected Party Agents and SMRAs in the event of a Bulk Change of Agent (CoA). The purpose of this alternative mechanism for data CoA would not only alleviate the number of dataflows sent by all Parties, Party Agents and SMRAs across the Data CoA Network (DTN) but would also ensure that control of the overall process remains with the initiating Supplier at all times. ELEXON were requested to further develop a high level Requirements Specification which defined the scope of such a process.

### ***High Level Requirements Specification***

A high level Requirements specification was prepared by ELEXON and discussed by the VAMG at their meeting on 2 May 2002. A copy of this high level Requirements Specification, amended to take into account the comments of the VAMG, was attached to a second Assessment Procedure consultation. The key features of the Bulk CoA Process included within the high level Requirements Specification were:

- Control and management of the process remains with the initiating Supplier at all times;
- An obligation will exist on the initiating Supplier to retain relevant information in order to initiate the process; (see later discussion)
- Reliance on data from the outgoing Party Agent is reduced because any relevant data will be provided by the initiating Supplier;

- A process is included which requires the initiating Supplier to apply to the Performance Assurance Board prior to initiating the Bulk CoA process<sup>4</sup>; and
- All relevant data would be CoAred to each Agent directly from the initiating Supplier.

The Bulk CoA Process described within the high level Requirements Specification had originally introduced a new obligation on all Suppliers to retain sufficient information prior to initiating the process in order to reduce the reliance on the outgoing Party Agent. The VAMG expressed some concern that it would be too onerous for all Suppliers to retain copies of the relevant information if they had no intention of initiating the Bulk CoA process. The VAMG suggested that such an obligation should be diluted to one that only required a Supplier to collect and collate the relevant information prior to the initiation of Bulk CoA process.

### ***Possible Use of the Provisions Introduced by P63***

Change Proposal Circular CPC00190 was issued on 12 June 2002 and requested that Suppliers indicate whether they wished to undertake a Bulk CoA Process. Eight responses were received to this circular, of which three BSC Parties indicated that they may use a Bulk CoA process were P63 to be approved by the Authority, whilst the remaining respondents either gave no comment (1 response) or indicated they would not use the process (4 responses).

### ***Party Agent Failure***

The VAMG considered whether a possible Alternative Modification existed that covered a Bulk CoA that only operated in the case of Party Agent failure. However, the VAMG did not feel that a Bulk CoA that operated only in the case of Party Agent failure would adequately address the defect identified by P63.

However, the VAMG did believe there may be merit in developing a solution that, if possible, reduced the risk to Settlement of any Party Agent failure whilst not providing a complete solution to the issue. The VAMG noted, however that any solution that encompassed Party Agent failure would reintroduce the obligation on Parties to retain sufficient data, such that they could invoke a Bulk CoA process in the event of Party Agent failure without the need to resort to requesting such data from the failing Party Agent. These obligations have been introduced into the draft legal changes associated with P63 which are attached to this consultation.

### ***Cost and Cost Allocation***

The VAMG discussed the issues relating to costs and cost allocation<sup>5</sup> and concluded that it was appropriate for any costs involved in developing systems for a Bulk CoA process initiated by a Supplier should be borne by the initiating Party. The VAMG considered that there would probably be little or no changes to BSC Systems and as such the matter of cost allocation was not a matter that warranted further consideration.

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<sup>4</sup> Such an application will include the initiating Supplier developing a plan for the Bulk CoA showing that the Supplier has sufficient resources in place to deal with the CoA.

<sup>5</sup> Part of the potential Alternative Modification deals with the requirements that are created as a result of Party Agent failure. The cost and cost allocation mechanism for the potential Alternative Modification will be discussed at the next meeting of the VAMG.

### ***Detailed Level Processes***

At their meeting on 5 June 2002, the VAMG considered the responses to the consultation on the high level Requirements Specification. The VAMG requested that ELEXON develop further detailed processes in order that full assessment of the Code change, together with the new processes to be introduced as a consequence could be assessed against the achievement of the applicable BSC Objectives. The VAMG, taking into account the responses from the second P63 Assessment Procedure consultation, also requested that the detailed processes were developed such that it would be possible to continue to use the Data CoA Network (DTN) for the transmission of dataflows to and from the SMRAs and also use CD-ROMS as an alternative option.

ELEXON developed two versions of the detailed processes and distributed these to the VAMG for consideration. Both processes included an application to the Performance Assurance Board (PAB) before a Party would be permitted to undertake a Bulk Change of Agent process. The main differences between the two processes were the mechanism (CD-ROM versus DTN) by which data was transmitted to the SMRAs and the speed at which the process would take to complete.

The VAMG discussed the two versions of the detailed processes at their meeting on 9 July 2002. The VAMG noted that, whilst the processes described both the application process and the mechanism by which the data CoA would occur, the data CoA element of the processes, whether by CD-ROM or DTN could already be achieved by the existing Balancing and Settlement Code Procedures. This is because the processes currently state that data can be CoAred "electronically or other method as agreed".

The VAMG therefore concluded that the only process that was necessary to be developed within the BSCPs was that of the PAB application process. The data transmission element of the process could be agreed between the Supplier, the Party Agents and the relevant SMRA as allowed by the relevant Code Subsidiary Documents.

### ***Risk to Settlement of a Bulk Change of Agent Under the Current Arrangements***

One member of the VAMG noted that as there was nothing within the Code to prevent a Bulk CoA from taking place at the moment were a Supplier to reach bilateral agreements with all affected Party Agents and SMRAs. The VAMG expressed concern that were a Supplier to initiate the Bulk CoA process in an uncontrolled manner, there was a potential to disrupt Settlement and that other dataflows sent across the DTN could be 'backed up' behind any Bulk Change of Agent dataflows.

The VAMG felt that in order to address this issue, that any Party wishing to initiate changes of Party Agent appointments, where the number of Metering Systems affected were above a certain threshold, should be subject to the PAB application process. This would ensure that sufficient resourcing were put in place by the initiating Party and his Agents, together with the SMRAs, to handle the workload and in particular resolve any exception flows created as a result of a Bulk Change of Agent being executed without adversely impacting daily operational processing. The VAMG supported the principle that any threshold should be enshrined within the Code and varied from time to time by the PAB. The attached

consultation document requests information on what respondents feel is an appropriate threshold level that would trigger the use of the PAB application process.

The Principles of this new process were presented to the VAMG at their meeting on 22 July 2002. The VAMG also discussed the principles of any changes that would be required to the MRA in order to facilitate P63. On the basis of this discussion ELEXON have drafted the appropriate legal text to be included within the Code together with the detailed process changes to a new BSCP. These documents are attached to this consultation and Impact Assessment in order that Parties, Party Agents and SMRAs can answer the relevant questions contained within.

### ***Master Registration Agreement (MRA)***

The MRA Service Company were invited to each meeting of the VAMG and have prepared a high level synopsis of the impact on the MRA. This outlines the potential changes to the MRA and is included for consideration during this Consultation/Impact Assessment.

ELEXON intend to raise an MRA Change Proposal following this Consultation/Impact Assessment.

The papers included within this consultation / Impact Assessment are also being sent in parallel to MRA Contract Managers.

### ***Code Subsidiary Document Changes***

Consequential changes will be made to BSCP501, BSCP504, BSCP505 and Party Service Lines PSL110, PSL120 PSL140 and PSL160 to recognise the Bulk CoA process. It is intended that these changes will be proposed to the Supplier Volume Allocation Group at their September 2002 meeting with the anticipation that changes will be approved subject to Authority approval of P63.

## **3. Consultation**

This consultation asks respondents to review the attached proposed BSCP together with the legal text for P63 and MRA principles and assess whether the achievement of the applicable BSC Objectives are better facilitated by such a Modification. Respondents are asked to provide answers to the questions on the attached pro-forma providing where possible rationale for their answers.

Respondents are further asked to note that in order that due consideration of the responses can be given by the VAMG that all responses are received by 3:00pm on Tuesday 13 August 2002 to the following email address:

[Modifications@elexon.co.uk](mailto:Modifications@elexon.co.uk)

Please entitle your email '**P63 Assessment Consultation 3**'

Any queries on the content of the consultation pro-forma should be addressed to Richard Clarke (020 7380 4304). Email address: [Richard.Clarke@elexon.co.uk](mailto:Richard.Clarke@elexon.co.uk)

#### **4. Detailed Level Impact Assessment (Modification Circular MC00007)**

Parties, Party Agents and SMRAs are asked to consider this document, together with those that are attached and provide details of the impacts to their systems and processes. Respondents are also asked to indicate a preferred Implementation Date for P63. Further changes to Code Subsidiary documents will be made following any determination by the Authority in respect of P63.

Responses to the Joint Impact Assessment should be sent to : [ccc@elexon.co.uk](mailto:ccc@elexon.co.uk)

List of documents enclosed:

*BSCP 513 - BULK CHANGE OF NHH SUPPLIER AGENT*

*P63 Legal Drafting*

*Copy of Modification Proposal P63*

*Consultation Pro-forma Questionnaire*

*MRA Principle Changes – Drafted by MRA Service Company*

*(Extract from MRA Clause 14.3 and 24.8)*

*Impact Assessment Questionnaire*