

March 2002

**DEFINITION REPORT**  
**MODIFICATION PROPOSAL P63**  
**Change of Contract Management of MPANs for Data  
Collector, Data Aggregator and Meter Operators**

Prepared by the Volume Allocation Modification  
Group on behalf of the Balancing and Settlement  
Code Panel

<b>Document Reference</b>	P63Defn
<b>Version no.</b>	1.0
<b>Issue</b>	1
<b>Date of Issue</b>	8 March 2002
<b>Reason for Issue</b>	Panel Consideration
<b>Author</b>	ELEXON

## I DOCUMENT CONTROL

### a Authorities

Version	Date	Author	Signature	Change Reference
0.1	27/02/02	ELEXON Trading Department		
0.2	27/02/02	ELEXON Trading Department		

Version	Date	Reviewer	Signature	Responsibility
0.1	28/02/02	Trading Strategy		
0.1	28/02/02	VAMG Chairman		
0.1	28/02/02	Trading Development		
0.1	28/02/02	Trading Operations		
0.2	06/03/02	VAMG		
1.0	08/03/02	BSC Panel		

### b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	Energywatch
Core Industry Document Owners	Various

### c Change History

Version 0.1 issued for VAMG & internal review within ELEXON

Version 0.2 issued for Internal Review prior to Panel meeting.

Version 1.0 issued for BSC Panel decision

### d Changes Forecast

None

### e Related Documents

The following documents are referenced from within this document using the following convention [Reference x]. Electronic copies of these documents can be found on the BSC Website at ( <http://www.elexon.co.uk/cgi-bin/modo2.cgi?pno=P063> )

Reference 1. Modification Proposal P63 (*raised 6 February 2002*)

Reference 2. Initial Assessment of Modification Proposal P63 (*issued 11 January 2002*)

Reference 3. P63 First Consultation Document - Modification Proposal P63 (*issued 20 February 2002*)

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## 1 SUMMARY AND RECOMMENDATIONS

Modification Proposal P63 (Reference 1), 'Change of Contract Management of MPANs for Data Collector, Data Aggregator and Meter Operators', was raised by British Gas Trading (BGT) on 6 January 2002. At its meeting of 17 January 2002, the Balancing and Settlement Code Panel ("the Panel") reviewed the Initial Written Assessment (IWA) of Modification Proposal P63, (Reference 2). The Proposal seeks to introduce an obligation into the Balancing and Settlement Code ("the Code") to allow Suppliers to undertake a change of Party Agent for large numbers of registered metering systems.

The intent of Modification Proposal P63 is to introduce an obligation on Suppliers and Party Agents for dealing with large numbers of simultaneous changes of Party Agent ("Bulk Transfer"). The Modification Proposal proposes that this obligation is placed within the Code and supporting processes defined within Code Subsidiary Documents.

At their meeting of 17 January 2002, the Panel determined that further definition of the issues encompassed by the Modification Proposal was required. Furthermore, the Panel determined that the Definition Procedure<sup>1</sup> should be undertaken by the Volume Allocation Modification Group ("the VAMG") and that a Definition Report should be prepared and submitted to the Panel meeting of 14 March 2002 outlining the issues raised by the Modification Proposal.

The VAMG met to discuss Modification Proposal P63 on 24 January 2002. In the interests of efficiency this meetings was combined with a meeting of the VAMG called to discuss other Modification Proposals. In accordance with the Panels instructions, Party Agents and Distribution Business representatives were invited to attend the VAMG meetings. Subsequent to this meeting of the VAMG, ELEXON convened a meeting of industry experts ("the Expert Group") to discuss in more detail the issues that arose as a result of the Modification Proposal. It is on the basis of these meetings that a consultation document (Reference 3) was produced by the VAMG. The aim of the consultation was to elicit views on the issues identified by both the IWA as well as the meetings of the VAMG and Expert Group.

The Definition Procedure consultation was issued on 20 February 2002 with responses due back by close of business 27 February 2002. The responses from the consultation are presented in ANNEX 1 of this Definition Report with a summary included within Section 7.1 of this report.

On 5 March 2002, the VAMG met to review and discuss the P63 Consultation responses and to finalise the Definition Report for Modification Proposal P63.

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Definition Phase, and the resultant findings of this report, the VAMG recommends that the BSC Panel should:

- **AGREE the submission of the Modification Proposal to the Assessment Procedure;**
- **AGREE that an Interim Report<sup>2</sup> be submitted to the Panel meeting of the 16 May 2002;**  
**and**
- **AGREE that an Assessment Report be submitted to the Panel meeting of 13 June 2002.**

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<sup>1</sup> Pursuant to Section F2.5 of the Balancing and Settlement Code

<sup>2</sup> Modification Proposal P63 is likely to involve assessment of a number of implementation options throughout the Assessment Procedure. It may be necessary to undertake impact assessments against a number of these options prior to the Modification Group determining which, if any, to recommend to the Panel. Should the Modification Group require that an extension is required to the Assessment Procedure then the Interim Report will be used as a vehicle for requesting this.

## 2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at [www.elexon.co.uk](http://www.elexon.co.uk)

## 3 MODIFICATION GROUP DETAILS

This Definition Report has been prepared by the Volume Allocation Modification Group for P63. The Membership of the Modification Group is shown below. The second table lists other attendees of the meetings of the VAMG held on 24 January 2002 and 5 March 2002.

### Modification Group Membership

Name	Organisation
Peter Davies	ELEXON (Chairman)
Bob Brown	Cornwall Consulting Limited
Rob Cullender	British Gas Trading
Richard Harrison	Npower
Paul Jones	Powergen
Neil Magill	Scottish Power
Chris Pooley	Campbell Carr
Phil Russell	TXU
Clare Talbot	NGC
Katherine Bergin	Scottish and Southern
Paul Chesterman	London Electricity
Richard Clarke	ELEXON
Andrew Latham	British Gas Trading (Proposer)
Andrew Neves	East Midland Electricity Distribution

Also in attendance at the VAMG meetings were:

Name	Organisation
Anthony Morris	Siemens Metering

<b>Name</b>	<b>Organisation</b>
Chris Groucott	Logica
Karen Lee	St Clements
Richard Hartley	YEG
Craig Daly	Scottish and Southern
Gwilym Rowlands	ELEXON
Malcolm Burns	SESL
Patrick Smart	Ofgem
Jill Ashby	MRA Service Company
Jon Spence	ELEXON
Jan Devito	St. Clements Services

The table below shows the attendees at the Expert Group Meeting held on 7 February 2002.

<b>Name</b>	<b>Organisation</b>
Jon Spence	ELEXON
Richard Clarke	ELEXON
Steve Francis	ELEXON
Katie Key	ELEXON
Chris Adams	Scottish and Southern
John Beacher	PowerGen
Fran Benoy-Deeney	LE Group
Joanne Coveney	Metering Services Ltd
Lee Eltherington	ECS Metering
Phil Haggis	ECS Metering
Simon Harrison	British Gas Trading
Richard Hartley	YEG
Dennis Haswell	NEDL MO NPower northern
Ian Hickinbotham	MRASCo
Andrew Hodgson	Northern Electric
Tony James	St Clements
Terry Marquand	TXU Europe
Phil McCarthy	Siemens Metering
James Nixon	Scottish Power
Matt Preston	AccuRead
Rob Smith	Metering Services Ltd
Pete Wakeling	Siemens Metering
Bob Walker	NPower (YEG)
Eddie Wall	British Gas Trading

## 4 DESCRIPTION OF PROPOSAL

Section J of the Code sets out the obligations that Parties are obliged to perform through the use of Party Agents. Section J also sets any Accreditation, Certification and the Entry Process Requirements for Party Agents and the obligation of Parties to register relevant Party Agents in either the Central Meter Registration System (CMRS) or the Supplier Meter Registration Service (SMRS). Furthermore the duties of Parties to ensure that Party Agent functions are discharged in accordance with relevant performance levels are also described within Section J.

Section J4.2.3 relates to the replacement of Party Agents and states that *“any replacement of a Party Agent shall be undertaken in accordance with the relevant BSC Procedures relating to that Party Agent”*.

P63 recognises the existing references to replacement of Party Agents contained within Section J of the Code and relevant Code subsidiary documents. P63 claims that because the current systems and processes are designed to deal with changes of Party Agent individually, that these processes are insufficient to enable changes of Party Agent for a large number of Metering Systems to be progressed in a timely manner. The proposer of P63 has suggested that this limits the ability of a Supplier to change the Party Agent for a large set of Metering Systems on a single reference date. The inability to perform a Bulk Transfer of Party Agent is likely to prevent the ability to undertake the removal of accreditation process for any Party Agent and may cause significant risk to Settlement in the event of Party Agent failure<sup>3</sup>.

Therefore P63 seeks to address this issue by placing an obligation within Section J of the Code to facilitate the Bulk Transfer process, with supporting processes being developed in the relevant Code Subsidiary Documents. It is envisaged that if P63 is to be implemented, the changes required to the text within the Code would be relatively minor. The majority of the effort involved in progressing P63 however, is likely to arise as a result of defining the detailed processes and Assessment of the whole package (ie Code Modification plus BSC Procedure changes) against the achievement of the applicable BSC Objectives.

It is envisaged that depending on how such an obligation is implemented, changes would be required to Party and Party Agent systems and processes in order to accommodate the Bulk Change of Agent process.

The issues identified during the Definition Procedure are further described within Section 5 of this document.

## 5 ISSUES RAISED BY THE PROPOSED MODIFICATION

This section summarises the discussions of both of the VAMG and the Expert Group and presents the issues that were identified within the P63 Consultation.

### 5.1 Existing Change of Agent Process

The existing Change of Agent (CoA) processes are set out in BSC Procedures (BSCPs) 501, 502, 503, 504, 505 and Party Service Line (PSL) 110. These documents refer to any Change of Agent on an individual basis, and were not designed to deal with changes of Party Agent appointments for a large number of Metering Systems (for example where the number exceeds about 10,000 at a time). It

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<sup>3</sup> That is when a Party Agent were to be placed into administration or receivership with no trade sale of the business as a going concern taking place.

should be noted that there are no formal constraints on the changes of Party Agent that can be undertaken. However, in practise, any Suppliers undertaking many thousands of changes of Party Agent have agreed, in advance, the upper limits for the numbers of Changes of Party Agents with the Supplier Meter Registration Agents (SMRA) and the Party Agents themselves.

## 5.2 Business Drivers for Bulk Change of Agent Process

In order to understand the scope of the Bulk Transfer it is necessary to understand the triggers that may exist for such a process. These triggers are described in Table 5.1 below.

**Table 5.1 Triggers to the Bulk Change of Agent Process**

Trigger	Scope of Bulk Transfer Process <sup>4</sup> on Portfolio of Metering Systems
<b>Unplanned</b> – Receivership / Liquidation of Party Agent	All
<b>Planned</b> – Commercial Decision	Either All / Partial
<b>Planned</b> – Removal of Accreditation	All
<b>Planned</b> – Merger or Trade Sale	Either All /Partial
<b>Planned</b> – Customer Driven (via Supplier)	Partial

## 5.3 Definition of Bulk Transfer

A Bulk Transfer can be defined as changing a Party Agent for a defined sub-set of registered Metering Systems within a Distribution Business area. This could in fact be all<sup>5</sup> of the registered Metering Systems dependent on the business driver for such a change. This new Bulk Transfer process would probably, depending on the method of implementation, need to co-exist with the existing processes defined with the relevant BSCPs and PSLs.

However, there may need to be a threshold above which the “Bulk Transfer” would be initiated and below which, the existing processes would be used. Alternatively there may be a limited set of circumstances in which the Bulk Transfer process could be used.

## 5.4 Scope of Bulk Change of Agent

The proposer raised P63 to provide maximum flexibility when undertaking a Bulk Transfer process. The proposer also indicated that they would like the flexibility within any Bulk Transfer process to separate out individual subsets of registered Metering Systems for a particular Party Agent within a Distribution Business area and to transfer these to a new Party Agent.

It was recognised by both the VAMG and the Expert Group that each Party Agent role (ie Data Collector, Data Aggregator and Meter Operator) has a distinct set of circumstances that would need to be taken account of in a Bulk Transfer process. It was also recognised that the Bulk Transfer would need to take account of the trigger to the process. For example in the case of a Party Agent failure, it would be necessary to transfer all Metering Systems within all Distribution Business areas as soon as was practicable. During the development of any solution, further consideration would be required

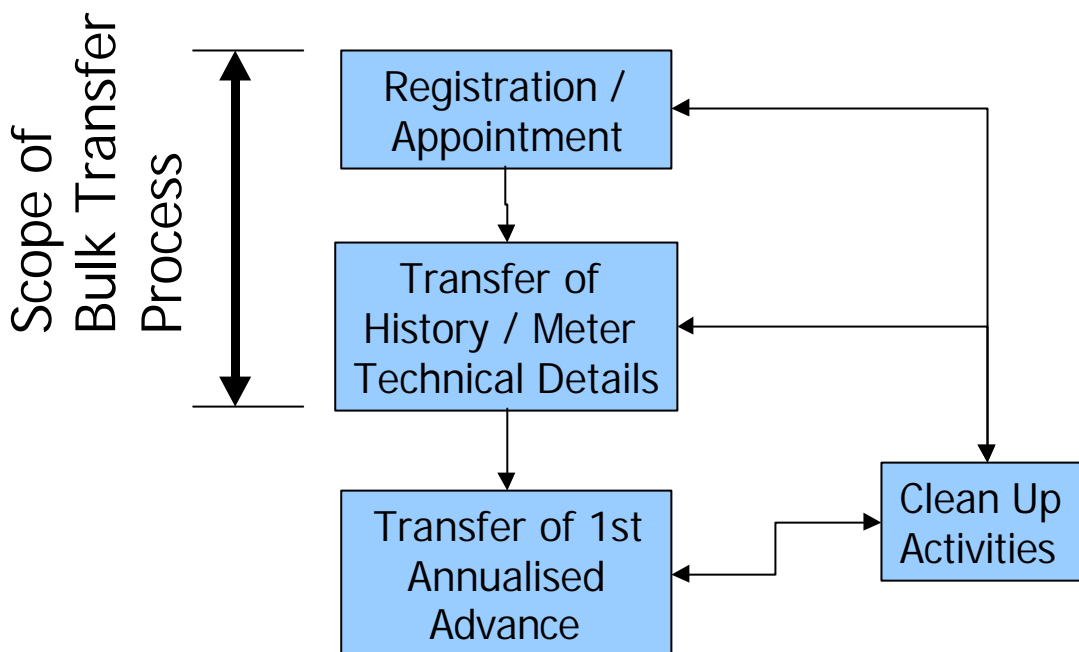
<sup>4</sup> In terms of the proportion of Metering Systems within a Supplier's portfolio.

<sup>5</sup> The proposer of the Modification has indicated this could be greater than two million.



where the transfer of details from the outgoing agent was not possible. This may particularly be the case in the event of Party Agent failure or Supplier of Last Resort Arrangements.

Having considered the scope of the Bulk Transfer process in terms of the different metering systems that may be transferred, it is then necessary to understand when the Bulk Transfer process can be deemed to be complete.



**Figure 5.1 Scope of the Bulk Change of Agent Process**

Figure 5.1 shows a view of the Change of Data Collector from the initiation of the appointment flow through the transfer of History / Meter Technical Details, to the transfer of the first Annualised Advance and any cleanup activities that may be undertaken during this process. It is probably appropriate to consider the scope of any Bulk Transfer process as covering only the first two activities within the diagram. The rationale for this is that the process needs to allow the newly appointed Party Agent to undertake its obligations with respect to the Metering Systems to which it has just been appointed.

The VAMG and the Expert Group considered the classification of Metering Systems that could be transferred under a Bulk Transfer Process. The general consensus was that such a process should be defined for Supplier Volume Allocation (SVA) Metering only (both Half Hourly and Non Half Hourly) However, some members of the Expert Group questioned whether there was a requirement to undertake a Bulk Transfer process for Half Hourly Metering. This was because the number of Half Hourly Party Agent changes is low enough to be accommodated by existing processes.

## 5.5 Limitations of Existing Change of Agent Process

Both the VAMG and the Expert Group discussed the limitations of the existing CoA Process. The proposer of P63 stated that the aim was to allow a transfer from one Party Agent to another on a given Settlement Day.

### Capacity Constraints

P63 states that there are constraints within the existing Change of Agent process that limit the number of Party Agent changes on any day. The Expert Group looked at where in the process the constraints existed. The main areas identified were:

- Supplier Meter Registration Agent (SMRA) / Party / Party Agent System Capacity;
- SMRA / Party / Party Agent System Performance;
- Volume of data flows (i.e. Input / Output and Data Transfer Network (DTN) or other mechanisms);
- Staffing;
- Exception Handling; and
- Cost (applicable to all the technical constraints listed above).

## **5.6 Other Issues for consideration**

The Expert Group considered the issues relating to the scope of a Party Agent. A summary of the issue and the view of the Expert Group is outlined below:

### ***Transfer of History / Technical Details***

It was recognised that any proposed solution to the Bulk Transfer process would need to be able to deal with circumstances where historic data / meter technical details were not available, in the case of agent failure.

### ***Customer Appointed Agents (ie Meter Operator Agents)***

The Expert Group identified an issue with regard to Party Agents that are appointed by a customer that may need to be excluded / identified separately within any Bulk Transfer process.

### ***Change of Party Agent coincident with a Change of Supplier***

The VAMG agreed that any Bulk Transfer process that coincided with a Change of Supplier should be excluded from the Scope of the Bulk Transfer process although it needed to be resilient to such a requirement for example when the Supplier of Last Resort Process is invoked.

The Expert Group discussed this issue and determined that in order for this aim to be met, then the Bulk Transfer process would need to be capable of being successfully completed within a matter of days.

### ***Restriction to a Replacement of a Party Agent by a single Party Agent***

The VAMG agreed that any replacement of a Party Agent within a Distribution Business area would best be achieved if the Bulk Transfer process only permitted a replacement of a single Party Agent, acting in a particular capacity, with another single Party Agent acting in the same capacity within a Distribution Business area. The VAMG agreed it would not be appropriate to replace a single agent with multiple agents for the same agent role as part of the same Bulk Transfer process.

### ***Existing incomplete Changes of Party Agent***

It will probably be the case that there will be existing CoA processes underway at a point in time when a Bulk Transfer is processed. The VAMG agreed that it would be inappropriate to include any such existing CoA processes within the scope of a Bulk Transfer Process, the VAMG did agree that the Bulk Transfer process would need to cater for CoA processes already underway in the event of Party Agent Failure.

### ***Requirement for new Entry Processes***

The VAMG concluded that any new Bulk Transfer process may require the introduction of further Entry Process Tests. It was agreed that consideration of this would be dealt with as part of an Assessment Procedure for P63.

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

The Panel, in setting the terms of reference, asked the VAMG to look at both the costs of implementing P63 and the Cost Allocation mechanism that may need to be adopted should P63 be approved. Respondees to the consultation were invited to provide their views on this, which could be fed into the VAMG's discussions.

## **6 THE NEED FOR FURTHER ASSESSMENT AND EVALUATION**

The VAMG believed that further work is required to assess P63 and that an initial three-month Assessment Procedure should be recommended. The initial stage of the Assessment Procedure should be used to focus on the potential solutions that will require impact assessment. The VAMG noted that assessment of this modification would need to deliver the relevant changes to the BSCPs in order that a full assessment of the options to be undertaken. The VAMG recognised the significant workload that this may introduce into the Assessment Procedure and requested that an Interim Report should be presented to the Panel after two months of the Assessment Procedure indicating the favoured implementation options of the VAMG, and confirmation of the timescales to complete the Assessment Procedure.

The VAMG believed that further assessment of the implementation options identified during the Definition procedure should be undertaken with a further consultation to seek Parties views on whether P63 better facilitates the achievement of the Applicable BSC Objectives. In addition to this consultation, Detailed Level Impact Assessment will be requested from Parties and Party Agents to ensure that the costs and impacts are identified.

## 7 REPRESENTATIONS BY PARTIES AND INTERESTED THIRD PARTIES

### 7.1 Summary of Representations

There were thirteen responses<sup>6</sup> to the Consultation undertaken during the Definition Procedure. The responses represented forty-nine Parties and [two] Non Parties<sup>7</sup>. This section of the report addresses each area of the consultation document and summarises the views expressed by the respondents to the consultation.

#### 7.1.1 Principle of a Bulk Transfer Process for Party Agents

*The consultation asked whether the respondent agreed with the principle that a process needs to be created to deal with the Bulk Transfer Process for Party Agents.*

The majority of responses (11) supported the principle of creating a Bulk Transfer Process. Two respondents<sup>8</sup> opposed the principle of the Bulk Transfer process arguing that the case was yet to be proven that there is a requirement to change the Code. One of these respondents suggested that prior, to introducing a new process, the existing processes are improved and further work be undertaken to assess the limitations and constraints of this process. The respondent suggested that any such process would not prove to be any more efficient than the existing one and felt that the existing problems were date<sup>9</sup> related.

One respondent drew attention to the fact that the development of a Bulk Transfer process would lead to greater competition and introduce new Party Agents to the electricity market.

Another respondent highlighted the need to understand the risk of using the Bulk Transfer process and suggested that the circumstances under which such a process could be invoked should be limited to those where the risk of not using. The respondent suggested that the circumstances where the Bulk Transfer process was warranted included Supplier / Party Agent failure.

One respondent suggested that there was a requirement to migrate to new Party Agents in a reduced timescale to that currently available.

One respondent suggested that further work was needed to explore the possible process designs and issues to enable a benefit analysis to be undertaken.

One respondent suggested that a balance needed to be struck between a Supplier's desire to undertake a Bulk Transfer process and the requirement on the Agents to manage large changes to their databases. The respondent also stated that attention would need to be given to the volume of rejections / errors produced during the process and suggested that it would be wise to introduce a "working agreement" which included a volume limit.

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<sup>6</sup> It should be noted that two of the responses were received from the same person acting on behalf of the two separate companies (Seeboard Energy Limited & Seeboard Power Networks).

<sup>7</sup> As part of the Terms of Reference for Modification Proposal P63, Party Agents, Distribution Businesses and representatives from the Master Registration Agreement Service Company were invited to attend the Modification Group. The non Party responses came from the Association of Meter Operators (undertaking the role of Meter Operators in CVA and both Half Hourly and Non Half Hourly SVA Meter Operators) and IMSERVE (who undertake the role of Data Collector, Data Aggregator and Meter Operator Agent)

<sup>8</sup> One representing a Supplier, Generator, Party Agents and Distribution Business the other representing a Distribution Business and Party Agents.

<sup>9</sup> Further clarification was sought from the respondent on what "date related" referred to. The respondent indicated that they were happy with the existing process but felt that the issue that needed addressing was that of the duration of the process which was too long.

Another respondent suggested that there was a need for a Bulk Transfer process due to “large group customers” wishing to choose their own Agents.

One respondent representing a Distribution Business, supported the principle of a Bulk Transfer process but indicated the need for further assessment of the definition of a limit for a Bulk Transfer process, the impact on SMRS service levels and potentially liquidated damages, the processing capabilities of different SMRSs, and the impact of more Suppliers invoking the Bulk Transfer process simultaneously.

Another respondent representing two other Distribution Businesses, suggested that the Bulk Transfer process was suitable for unplanned Bulk Transfer triggers, such as Party Agent Failure, but felt that it may be more appropriate to introduce a series of bilateral agreements between the affected parties. The grounds of Party Agent failure were also cited by another respondent representing only Meter Operators, who suggested that there was an increased risk of Party Agent failure due to diversification of Party Agent ownership.

One respondent supported the principle of the Bulk Transfer of Party Agents but only with the caveat that it led to a robust and inexpensive solution. The respondent further argued that the solutions being discussed within the consultation paper would not bring necessary improvements at low cost.

One respondent commented that support for the principle would be in line with the principle of allowing a Supplier to exercise his right to determine his Agents.

#### **7.1.2 Requirement to Place Obligation into the Code**

*In addressing the Terms of Reference set by the Panel, the consultation asked whether the respondents agreed whether a change to the Code was necessary.*

In summary, eight respondents supported the requirement to make a change to the Code. However, a Party Agent commented that some Parties or Party Agents may not wish to develop the bulk transfer process and this should be made optional within the Code. Of these eight responses, one (2 Distribution Businesses) provided an additional caveat that their support provided that the Bulk Transfer process was only invoked for Agent failure. One respondent indicated that a Code change was not necessarily required whilst another two respondents indicated that they did not support a Code change. Neither of these respondents supported the principle of P63.

One respondent (4 Parties) indicated that whilst they support the principle of the need for a Bulk Transfer requirement and the fact that the Code change would be relatively minor, there would be a significant impact on Party Systems. Another respondent representing Party Agents and a Distribution Business, suggested that a Code change is not necessary.

The arguments expressed in favour of a Code change included the possible benefits of linking this process to a failing Supplier process as well as that of Party Agent failure as well as arguing that the integrity of Settlement would be maintained by having minimum dependence on the actions of the “old” Party Agent.

Another respondent indicated that if the Bulk Transfer option were to be made available then it should be available to all Parties. They indicated the only way of ensuring this is to include it within the Code.

One respondent recognised the requirement for an impact assessment on the Master Registration Agreement (MRA) to be undertaken.

The proposer confirmed that they believed that a Code change would better facilitate achievement of Applicable BSC Objectives c & d.

### **7.1.3 Other Issues raised by the Modification Proposal**

*In trying to ensure that as many issues as possible were identified during the Definition Procedure, the consultation asked respondents to identify any further issues in relation to P63.*

A number of responses suggested further issues for consideration by the VAMG. These issues are summarised below:

#### ***Requirement to undertake impact assessments***

A number of respondents suggested that further assessment of P63 should be undertaken in order to ensure that impact assessments are carried out by the relevant organisations, and to develop the detailed implementation options.

#### ***Data requirements***

One respondent suggested that there was a need to further consider the issues surrounding the data transfer from “old” Party Agent to the “new” Party Agent. Another respondent identified the need for data consistency and validation on any data transferred under the Bulk Transfer process. One respondent indicated that the Bulk Transfer process should include incorporate all data flows in a bulk format.

#### ***Impact on other modifications***

One respondent observed that the issue of multiple Distribution Businesses within a single GSP Group needed further consideration during assessment of P63.

#### ***Concurrent Bulk Changes***

One respondent suggested that there should be a limit imposed on the number of concurrent bulk transfers that involved a single Party Agent and that a minimum time should elapse between such changes.

#### ***Impact on Supplier of Last Resort (SoLR) Arrangements***

One respondent suggested that the impact on SoLR arrangements of P63 should be assessed.

#### ***Resourcing***

One respondent (representing Distribution Businesses) recognised that the bulk de-appointment be allowed on a particular date would have an impact on resourcing levels.

#### ***Performance Assurance Framework***

One respondent recognised the need to review the Performance Assurance Reporting and Monitoring System (PARMS) reporting requirements should a Bulk Transfer process be adopted. This view was based on the existing requirement for a Party to report based on the quantity of individual data flows.

#### ***Settlement Day Appointment***

One respondent recognised that there were issues surrounding the ongoing obligations of agents who are being de-appointed. Certain Party Agents, whose appointment is on a Settlement Day basis have ongoing obligations to the Supplier for some considerable time after the Settlement Day has passed (e.g. Data Aggregators must continue to aggregate data for a further fourteen months from a Settlement Day). The respondent indicated that any Bulk Transfer process should not preclude the Party from appointing new Party Agents to undertake these obligations for previous Settlement Days.

#### ***Recertification & MRA Requalification***

One respondent identified the possible need for re-certification and/or re-qualification under the MRA with any new processes or IT systems.

#### **7.1.4 Existing items for decision by the VAMG**

*The first meeting of the VAMG came to a view on several issues. The consultation sought responses on the appropriateness or otherwise of each of the views of the VAMG. This section summarises the responses to the VAMG issues.*

##### ***Coincident Changes of Supplier***

*The VAMG, at their first meeting, suggested that any Bulk Transfer process should exclude, but be resilient to, co-incident changes of Supplier.*

Nine respondents expressed support for this view, whilst three respondents did not. The remaining respondent expressed concern over a restriction of this nature.

The arguments in support of the VAMG view were that there would be an improved audit trail, reduced complexity within the process and reduced risk.

The argument expressed against this view was that further analysis should be undertaken before this is discounted as an option.

##### ***Restriction to SVA Metering Systems***

*The VAMG, at their first meeting, suggested that any Bulk Transfer process should be restricted to SVA metering systems as the numbers of Central Volume Allocation (CVA) metering systems would be low.*

All respondents agreed with this view as there are insufficient volumes to introduce a process for CVA metering.

##### ***Cover both Half Hourly and Non Half Hourly Metering Systems***

*The VAMG, at their first meeting, suggested that any Bulk Transfer process should include both Half Hourly and Non Half Hourly Metering Systems.*

Four of the respondents supported the view of the VAMG that the Bulk Transfer process should cover both Half Hourly and Non Half Hourly Metering Systems. One respondent suggested that it "May be possible to deal with HH [Half Hourly] systems with existing processes". All of the remaining respondents supported a Bulk Transfer process for Non Half Hourly Metering Systems only.

One of the respondents identified the requirement to take into account Customer appointed Meter Operator Agents when undertaking a Bulk Transfer process.

The arguments against the VAMG were that it would be too difficult to justify a change where the numbers of metering systems were low and the existing processes were adequate for Half Hourly transfers.

##### ***Replacement of a Single Agent with Another Single Agent***

*The VAMG, at their first meeting, suggested that any Bulk Transfer process should involve the replacement of a single Party Agent, undertaking a particular role, with another single Party Agent undertaking the same role. The VAMG believed that replacements of a single Party Agent with multiple Party Agents would add unnecessary complications into the process.*

Nine of the Respondents supported the view of the VAMG. Three of the remaining respondents did not support the VAMG view with one respondent not making any comment.

The main argument in favour of the VAMG view was one of simplicity and efficiency of the process.

One argument against this view was that there was more than one Party Agent in any GSP Group. Another respondent argued that it could lead to more complexity by not having a single flow covering many Party Agents.

One respondent noted that P63 might be impacted by Modification Proposal P62.

### **Accreditation / Certification / Entry Process Requirements**

*The VAMG, at their first meeting, recognised that there “may” be a requirement to introduce new Accreditation / Certification / Entry Process Requirements, although the VAMG did not prescribe anything in this respect. The consultation asked whether any new requirements should be introduced.*

Three respondents supported the introduction of new requirements for Accreditation / Certification / Entry Processes. One respondent suggested that this was required as Parties and Party Agents will have gone to the expense of upgrading their systems. Another respondent suggested that the consequences of the process going wrong would be severe and therefore the disciplines brought about by the Accreditation and Certification processes should apply.

Three respondent stated that this would be dependent on the complexity of the process introduced by P63.

Those against the introduction of new requirements in this area did not add any arguments indicating why they held this view.

#### **7.1.5 Appropriate Mechanisms to Introduce the Bulk Transfer Process.**

*The consultation document outlined a number of possible mechanisms for implementation of a Bulk Transfer process. The consultation asked whether the respondents to the consultation<sup>10</sup> had a view on the most appropriate process to develop.*

<b>Company Name</b>	<b>Existing Process Removing Volume Constraints</b>	<b>Vary existing process</b>	<b>Synchronise database updates</b>	<b>Alternative Data Sourcing</b>	<b>New Process</b>
Powergen	✓	✓			
Desire to keep changes to a minimum					
TXU Europe	✓	✓	•	•	•
Suggest volume limits are “raised significantly” rather than “remove”. Suggest using CD-ROM to transfer data. Synchronised database updates likely to be difficult. Questioned whether Agent failure within scope of P63,					
IMServ Europe	Further Analysis required	✓ (desired)	•	✓ (for agent failure)	•

<sup>10</sup> The options listed within Section 6 of the document were: (6.1) – Use Existing Process but remove volume constraints; (6.2) Vary the existing process; (6.3) Synchronising database updates; (6.4) Alternative Data Sourcing; and (6.4) develop a completely new process.



Company Name	Existing Process Removing Volume Constraints	Vary existing process	Synchronise database updates	Alternative Data Sourcing	New Process
LE Group					
Indicated that the document included a "good range of implementation options" that should be further developed during the Assessment Procedure.					
Seeboard Energy Limited	•	✓	•	✓	•
Preference for revision of existing process. A synchronised update is not supported because there would be an insufficient Audit Trail. Development of a new process could lead to unnecessary costs, time and resources.					
SEEBOARD Power Networks	OK	•	Certain benefits	No Comment	
There seems little visibility of communication between these Parties [Supplier, Agent and SMRS Systems] to ensure completeness. Issues surrounding Bulk Change of Agent process can be resolved if the Supplier liaises with these parties.					
Western Power Distribution			•		
If volume constraints are unnecessary they should be removed irrespective of the outcome of this modification. No support for idea of synchronised database updates					
SP Energy Retail Ltd	✓	•	•	•	•
Agrees that the existing process should continue for all changes, but thinks that removal of volume constraints is some way off. Suggests the Supplier of Last Resort Working Group be invited to look at the issue of Change of Agent once more. The existing process is sufficiently robust. Synchronised updates should not be considered because there are far too many variables between parties / agents. Exception identification and handling may be made more difficult. New process not required.					
Scottish & Southern Energy	May be option				
Suggests transfer of 5000 Metering Systems per day adequate.					
British Gas Trading Ltd	Possible	Possible	✓	Possible	Possible
Most options possible, none should be disregarded. Preference for synchronised update with CD-ROM used as transfer mechanism					
Innogy plc		Potential	Potential		
Logical reasons for most of the current process design, it would seem more appropriate to start from this and look at how it might be simplified rather than completely from scratch.					
Association of Meter Operators	No view at present				
GPU Power (UK)	✓	✓			

Company Name	Existing Process Removing Volume Constraints	Vary existing process	Synchronise database updates	Alternative Data Sourcing	New Process
<p>MRA imposed service levels may fail and hence Liquidated damages may hit SMRA. Suggests drip feeding appointments.</p> <p>Suggests that a variation to existing process is sensible, as demonstrated through ICT Consultation. Synchronised update already considered during Supplier of Last Resort considerations.</p>					

### 7.1.6 Cost and Cost Allocation

*The Panel, when setting the Terms of Reference for the VAMG, requested that a view be provided on the costs and cost allocation that would be adopted should P63 be adopted. Whilst the cost impacts would normally be addressed during Impact Assessments undertaken during an Assessment Procedure, respondents were asked for their views on Costs and Cost Allocation.*

One respondent indicated that the costs of any solution should be “cheap”, and a further respondent suggested that the costs could be minimised if Option 6.1 (Use existing processes but remove any volume constraints) were to be adopted.

One respondent suggested that the impact would be the same to all Parties and if correctly implemented would provide a benefit to all Parties. They further suggested that such Parties should be responsible for their own costs.

Three respondents suggested that the Definition Procedure was too early to assess costs. One of these respondents indicated that it would be more appropriate to address the issue of costs during an Assessment Procedure.

One response (a Distribution Business/SMRS) suggested that provided there were no system changes resulting from the introduction of the Modification Proposal there should be no new or additional costs.

One respondent representing two Distribution Businesses suggested that the costs could be “tens of thousands, possibly six figures”.

One response suggested that the agent development costs should be recoverable from suppliers wishing to use the process with another respondent suggesting that costs should be shared amongst parties with Suppliers paying in proportion to their market share. This respondent also added that an additional charge on invocation of a Bulk Change process may be appropriate to cover administration costs<sup>11</sup>.

One respondent suggested that there would be minimal impact on ELEXON's systems and that the majority of the impact would be felt by New Agents and the Supplier's systems. The respondent further suggested that there is a requirement for clarification from the Authority whether SMRA costs could be recovered through DUoS charges.

One Non Half Hourly Meter Operator (NHHMO) / Non Half Hourly Data Collector (NHHDC) / Non Half Hourly Data Aggregator (NHHDA) specified that the costs would be in excess of £60K even if existing processes were to be utilised. They further suggested that costs would be reflected in costs to

<sup>11</sup> Additional clarification was sought from the respondent with respect to the additional administration charge. The respondent has indicated that they would like to recoup their costs when the process is invoked, for example there may be additional staff costs for both the Agent who is losing the appointment as well as the Agent gaining the appointment. The respondent also indicated that it would be more appropriate for this to be dealt with commercially between the Party and Party Agents concerned.

suppliers and hence reduce competition by introducing large costs.. One SMRA stated that the cost would be in excess of £20K and they would not support change unless there was a material benefit to themselves.

#### **7.1.7 Further Comments**

*The consultation asked whether respondents wished to make any further comments with respect to the Modification Proposal. This section of the report addresses the comments made by respondents to this specific question.*

One respondent drew attention to the possibility of Suppliers having their Imbalance Position affected by disrupting any Change of Supplier Process.

One respondent suggested that the solution should not impose unwarranted additional costs on Market Participants and further suggested that an ineffective implementation could be a barrier to competition.

One respondent drew attention to the dependencies within Supplier systems of receiving data flows to undertake a Change of Agent.

One respondent, who was not in favour of P63 suggested that there was no requirement to change from the current robust processes to a solution that would make audibility a complex process.

One respondent suggested that the Bulk Transfer process could be arranged through a commercial arrangement between a Party and the relevant Party Agents and that a Bulk Change of Agent process should not be imposed on the industry as a whole.

The proposer of P63 believed that the related issues were sufficiently well defined to warrant the submission of P63 to the Assessment Procedure.

## **7.2 Comments and Views of the Modification Group**

The VAMG at their second meeting on 5 March 2002 discussed the consultation responses received within the consultation period. A summary of the views of the VAMG on these consultation responses are noted below.

The general consensus of the VAMG was that the Definition Procedure was too early to prescribe, in detail, the restrictions that may be developed within any of the solutions. They felt that the Assessment Procedure would be the most appropriate place to further refine their views at this level of detail.

In summary, the VAMG reconfirmed their view that they supported the principle of a Bulk Transfer Process for Party Agents and that the most convenient and practical way of introducing such a change into the Trading Arrangements would be via a Modification to the Code.

The VAMG further noted the issues raised by respondents to the consultation. The VAMG agreed that with respect to the majority of the issues that had been identified, it was appropriate to be mindful of such responses when undertaking an assessment of the Modification Proposal during an Assessment Procedure.

One of the respondents had suggested a limit on the number of concurrent Bulk Transfer processes that could be invoked with respect to any one Party Agent. The VAMG considered this but concluded that it was not appropriate to constrain the eventual solution at this stage of the process. In the event of the failure of a Party Agent, the VAMG also noted that it would not be appropriate to constrain the number of concurrent Bulk Transfer processes executed at any point in time.

The VAMG noted the lack of support for a synchronised database update approach however felt that it would be necessary to narrow down the potential solutions during the Assessment Procedure.

With regard to the requirements for new Entry Processes / Accreditation / Certification Requirements the group concluded that this would depend entirely on the nature of the solution to be adopted as a result of this proposal.

The VAMG noted the majority of responses to the consultation had suggested that the Bulk Transfer process be restricted to Non Half Hourly Metering Systems only. They agreed with the responses to the consultation which suggested that the number of Half Hourly Metering systems was much lower and may not warrant a Bulk Transfer process to be developed. The VAMG discussed this issue further and concluded that it may be appropriate to confine the Bulk Transfer process to Non Half Hourly SVA metering as suggested by the respondents.

On the matter of costs and cost allocation the VAMG concluded that these would depend on the detailed solution developed during the Assessment Procedure, however they recognised that any costs arising out of this modification would need to be fairly allocated.

## **ANNEX 1 – CONSULTATION RESPONSES**

Attached as a separate document.