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INITIAL ASSESSMENT OF MODIFICATION PROPOSAL

P63 - Change of Contract Management of MPANs for Data Collector, Data Aggregator and Meter Operators

Prepared by ELEXON Limited

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	10.01.02	Trading Strategy	-	Initial Draft

Version	Date	Reviewer	Signature	Responsibility
0.1	11.01.02	Trading Strategy	-	Panel review

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 Intellectual Property Rights and Copyright

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1 SUMMARY AND RECOMMENDATIONS

Modification Proposal P63 was submitted on 6 January 2002 by British Gas Trading Limited.

Section J of the Balancing and Settlement Code ("the Code") sets out the types of obligations and activities under the Code which Parties are obliged to perform through the use of Party Agents. Section J also sets any Accreditation and Certification Requirements, the Entry Process Requirements and the obligation of Parties to register relevant Party Agents in Central Meter Registration Systems (CMRS) or 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"*.

Modification Proposal P63, recognises the existing references to replacement of Party Agents contained within Section J of the Code and relevant Code subsidiary documents. The Modification Proposal claims that the current systems and processes are insufficient to enable changes of Party Agent for a large number of Metering Systems to be progressed in a timely manner.

Modification Proposal, P63, therefore seeks to address this issue by defining new process for dealing with large numbers of simultaneous changes of Party Agent ("Bulk Change of Agent"). Specifically additional references to an obligation will be included within paragraph J4.2 with respect to Bulk Change of Agent. These obligations will then be further described in the relevant Code Subsidiary Documents.

This Modification Proposal is likely to require changes to a number of BSC Procedures relating to Party Agents as well as requiring amendments to systems and processes used by Party Agents in order to facilitate the Bulk Change of Agent.

An initial assessment of the Modification has identified a number of potential issues with the Modification that require further clarification before the Panel decide whether to submit the Modification Proposal to the Assessment or Report Procedures. These issues are described in full within Section 11 of this document.

It is the ELEXON view that further Definition of the Modification Proposal and clarification of the issues raised is required. It is therefore **recommended** that the Modification Proposal be progressed as follows:

- Proceed to the Definition Procedure, with an Definition Report to be presented at the Panel Meeting on the 14 March 2002;
- The Modification Proposal should be progressed by the Volume Allocation Modification Group with representatives from the MRA Service Company, Data Collectors, Data Aggregators and Meter Operators invited to attend.

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

3 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
None identified at this stage	

4 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
None identified at this stage	

5 IMPACT ON DOCUMENTATION

5.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
J: Party Agents	Additional Drafting Required to Reference Processes for "bulk" Change of Party Agent Processes.

5.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	<i>Changes will be required to BSCP 504.</i> <i>Potential Changes to BSCP 501, BSCP 502, BSCP 504, BSCP 505, BSCP 511 & BSCP 512</i>
Party Service Lines	Possible changes to PSL 110, PSL 120 & PSL 140.

5.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Master Registration Agreement	Possible Impact on the Master Registration Agreement.
Data Transfer Services Agreement	Possible Impact

6 IMPACT ON OTHER CONFIGURABLE ITEMS

Item	
No Impacts Identified at this stage	

7 IMPACT ON ELEXON

Area of Business	Potential Impact of Proposed Modification
Other (e.g. costs, staffing, etc.)	<i>Potential increases in cost for any additional Entry Processes / Accreditation / Certification Requirements.</i>

8 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

None identified at this stage.

9 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

None identified at this stage.

10 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

Given that the exact solution to be adopted is not precisely defined, ELEXON recommends that Modification Proposal P63 be submitted to the Volume Allocation Modification Group for Definition. It is proposed that this Modification Group be augmented with a representative of each of the Party Agents as well as a representative from the MRA Service Company.

The Modification Group should be actioned to provide its report to the Panel by 14/03/02.

10.1 Draft Timetable

The recommendation to complete the Definition Report in time for the 14th March 2002 Panel meeting is based on the requirement to hold two Modification Group meetings to fully define the issues raised by the Modification to enable the Panel to determine whether to submit the Modification Proposal to the Assessment or Report Procedure.

It is anticipated that a Modification Group Meeting will be held during the week commencing 21 January 2002 to discuss the issues identified within this Initial Written Assessment. Investigation of the issues will be undertaken during early February 2002 with a subsequent

Modification Group Meeting to be held during the week commencing 18 February 2002 in order to make a recommendation to the Panel at their meeting on 14 March 2002.

10.2 Estimate of Definition Procedure Cost

Progression of the Modification will require at least two meetings of the Modification. A budget of £10K should be established to enable progressing the Modification through the Definition Procedure stage.

11 ISSUES

The following issues will need to be considered and addressed in progressing the Modification Proposal:

1. **Confirmation a Modification is Required to the BSC:** The above reference to Section J4.2.3 of the Code might already appear to encompass a Bulk Change of Agent process and limit any required changes to Code subsidiary documents such as the relevant Balancing and Settlement Code Procedures. Changes to such procedures can be accommodated via the existing Process for dealing with Change Proposals. It should be noted, however, that the proposer believes that placing a specific obligation on Parties and Party Agents to be able to undertake the process for Bulk Change of Agent within the confines of the Code is more appropriate.
2. **“Bulk Change of Agent” Solution Definition:** The Modification Proposal, as drafted, describes the problem of making a large number of simultaneous changes of Party Agents. It is unclear at this stage how this would technically be achieved. For example, one mechanism may be to introduce a new data flow, for submission on the Data Transfer Network (DTN), requesting a change of Party Agent from Party Agent A to Party Agent B for a given set of Metering Systems, whilst another mechanism might be to submit multiple Change of Party Agent data flows each containing the relevant Metering System identifier. There may be an issue relating to the volume of information capable of being received by SMRS Service Providers. Further clarification is required in order to understand what issues might arise as a result of this Modification Proposal.
3. **Impact on Party Systems and Processes:** Depending on the solution defined for this Modification Proposal, there may be a significant impact on all Party Agents who may be required to process additional flows or in the extreme an increased number of Party Agent Appointment/Deappointment flows. It would seem appropriate to understand what issues exist with the processing of such changes on Party Agents, Distribution Businesses and SMRS Service Providers. Issues that may arise in this area could include the capacity planning requirements for Party Agent software.
4. **Other Industry Documents and Processes:** The impacts on the Master Registration Agreement and related processes have not been quantified and further work will be required to ensure that any issues related to this are identified.
5. **Entry Process and Recertification Requirements:** In the event that new systems are processes are required it is unclear to what extent recertification of a Party Agent would be required and whether a requirement to pass an Entry Process to ensure that the agent can cope with the increased volumes of Appointments/Deappointments.

6. **Data Transfer Catalogue Changes:** It is possible that this Modification Proposal will require changes to the Data Transfer Catalogue. The issues associated with this have not yet been clarified and lie outside the governance of the Code.

ANNEX 1 – MODIFICATION PROPOSAL P63

Modification Proposal	MP No: 63 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Change Of Contract Management of MPAN's For Data Collector, Data Aggregator And Meter Operator.	
Submission Date <i>(mandatory by proposer):</i> 06th January 2002	
<p>Description of Proposed Modification <i>(mandatory by proposer):</i></p> <p>Currently The BSC allows for the replacement of the Party Agent as pursuant under section J Party Agents. Specifically under section 4, 'The Appointment and Replacement of Party Agents' further detailed in 4.2 the 'Replacement'. This fully documents how each Party may arrange for any Party Agent for which it is responsible to be removed from time to time provided a replacement Party Agent shall have been appointed and registered in accordance with section J with effect from the date of removal of the removed Party Agent.</p> <p>The following BSCPs' describe the areas in which the current change of Party Agent is addressed:</p> <p style="padding-left: 40px;">BSCP 504 3.2.3 describes in full the process to Change of NHHDC for an existing SVA Metering System not concurrent with a Change of Supplier (effective from 1 April 2000)</p> <p style="padding-left: 40px;">BSCP 504 3.2.4 describes in full the process to Change of MOA for an existing SVA Metering System (effective from 1 April 2000).</p> <p style="padding-left: 40px;">BSCP 504 3.2.5 describes in full the process to Change of NHHDA for an existing SVA Metering System not concurrent with a Change of Supplier (effective from 1 April 2000)</p> <p>It has been identified that The BSC Code and Supplementary documents the BSCP's have been designed to utilise the change of Party Agent process where low numbers are attributed. There has been data flow restrictions in the form of maximum daily flows of 20,000 which hamper the Industry from changing DC, DA or MO in Bulk. It also does not allow the Industry to choose the most efficient and best Party Agent for its customers.</p> <p>The BSC does not support a supplier if they wished to change Party Agent; for example, if 2 million customers needed to be switched to a more cost efficient DC in bulk. Under current agreed data flow caps it would take approximately 6 months to manage effectively all data transfers once migrated. The main IT systems at Elexon would not be able to cope with the increase in data flow transfer from additional suppliers wishing to pursue this option as currently only British Gas are carrying out the change of Party Agent. Therefore it is proposed that an alternative method be discovered for dealing with the change of Party Agent.</p> <p>The above amendment will facilitate the achievement of the objectives of the Code in Section B paragraph 1.2.1, in particular 1.2.1 (b) (iii) promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity.</p>	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> BSC Section J.4 is in conflict with with the relevant BSC objectives.	

Modification Proposal	MP No: 63 <i>(mandatory by BSCCo)</i>
Impact on Code <i>(optional by proposer):</i>	
BSC Section J.4 BSCP 504 3.2.3 BSCP 504 3.2.4 BSCP 504 3.2.5	
Impact on Core Industry Documents <i>(optional by proposer):</i>	
N/a	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i>	
There will be impact on BSC Systems but this is unclear at this stage dependant on how bulk migration mitigates the flow of data.	
Impact on other Configurable Items <i>(optional by proposer):</i>	
N/a	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i>	
The Applicable BSC Objectives are set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:	
(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;	
(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.	
This modification addresses shortcomings in the BSC.	
Details of Proposer:	
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Modification Proposal

MP No: 63
(mandatory by BSCCo)

Details of Proposer's Representative:

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Attachments: NO

If Yes, Title and No. of Pages of Each Attachment: