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First Consultation Document
MODIFICATION PROPOSAL P63 – Change of
Contract Management of MPANs for Data
Collectors, Data Aggregators and Meter
Operators

Prepared by ELEXON on behalf of the Volume Allocation
Modification Group

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Each BSC Panel Member	Various
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1 INTRODUCTION

This Consultation Document has been prepared by ELEXON Ltd, on behalf of the Volume Allocation Modification Group, in accordance with the terms of the Balancing and Settlement Code ('the Code'). The Code 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 Code.

An electronic copy of this document can be found on the BSC website, at www.ELEXON.co.uk.

The document supports the first consultation process in the assessment of Modification Proposal P63. It is based on the ideas presented at the first Modification Group meeting to discuss P63, which was held on 22 January 2002, and a meeting of industry experts, representing both Party Agents and Suppliers, convened by ELEXON. P63 is currently in the Definition Procedure.

1.1 Structure of Document

The document is structured as follows:

- Section 2 provides background to the Modification Proposal;
- Section 3 provides details of the Modification Group membership and attendees at the first meeting;
- Section 4 provides an overview of the Modification Proposal;
- Section 5 provides a summary of the issues discussed at the first Modification Group and Expert Group meetings
- Section 6 contains some potential solutions to the Bulk Transfer issue; and
- Section 7 contains the consultation questions.

2 BACKGROUND TO MODIFICATION PROPOSAL

At its meeting on 17 January 2002, the Balancing and Settlement Code Panel, (the “Panel”) reviewed the Initial Written Assessment of Modification Proposal P63 “Change of Contract Management of MPANs for Data Collectors, Data Aggregators and Meter Operators”, raised by British Gas Trading on 6 January 2001.

The proposal seeks to introduce an obligation into the Code to enable Parties to undertake a Change of Party Agent (CoA) process which involves the complete replacement of one Party Agent with another for all the metering systems registered for the Party Agent. Such a replacement may involve large numbers of Party Agent changes and has been referred to within the Electricity Industry as a “Bulk” Transfer.

At their meeting of 17 January 2002 the Panel decided that P63 should be submitted to the Definition Procedure¹ and that a Definition Report should be presented to the Panel meeting on 14 March 2002. In addition to the issues raised in the Initial Written Assessment, the Panel also decided that P63 should be considered by the Volume Allocation Modification Group (VAMG) and that the Terms of Reference of the VAMG should be modified to include:

- an assessment of whether a Code modification was required; and
- what the cost allocation mechanism would be for any changes.

The VAMG met on 24 January 2002 to discuss P63 and the conclusions are presented within this consultation document. The VAMG discussed a number of issues relating to P63 and agreed that it was appropriate that in order to undertake an Assessment of P63 later in the Modification Procedures it would be necessary to determine how P63 might be implemented in practice (for example, increase existing capacity within the process, utilise new data flows etc.).

It was the VAMG view that P63 presented the industry with an opportunity to streamline the CoA process which the group agreed would be beneficial to the industry. ELEXON agreed to convene a meeting of industry experts (“the Expert Group”) in order to understand the issues associated with the implementation of P63 in more detail.

This consultation document presents the issues identified by the VAMG and the Expert Group.

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¹ Pursuant to Section F2.5 of the Code.

3 MODIFICATION GROUP AND EXPERT GROUP DETAILS

Members of the VAMG are shown in the table below. The second table below lists other attendees of the first meeting of the VAMG held on 24 January 2002.

Modification Group Membership

Name	Organisation
Peter Davies	ELEXON (Chairman)
Bob Brown	St Clements
Rob Cullendar	British Gas Trading
Richard Harrison	nPower
Paul Jones	Powergen
Neil Magill	Scottish Power
Chris Pooley	Campbell Carr
Phil Russell	TXU
Clare Talbot	NHC
Katherine Bergin	Scottish and Southern
Paul Chesterman	London Electricity

Also in attendance were:

Anthony Morris	Siemens Metering
Chris Groucott	Logica
Karen Lee	St Clements
Richard Hartley	YEG
Craig Daly	Scottish and Southern
Gwilym Rowlands	ELEXON
Richard Clarke	ELEXON
Malcolm Burns	SESL
Patrick Smart	Ofgem
Andrew Latham	British Gas Trading
Jill Ashby	MRA Service Company

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

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 MODIFICATION 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 Central Meter Registration Systems (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 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. 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 given date.

P63 seeks therefore to address this issue by referring to a new process for dealing with large numbers of simultaneous changes of Party Agent (“Bulk Transfer”) in Section J4.2. New supporting processes would then be developed and described in further detail within the relevant Code Subsidiary Documents. It is likely that if P63 is to be progressed, the changes required to the Code would be relatively simple. However in order to understand the issues surrounding P63, it is necessary to understand how in practice a Bulk Transfer obligation would be implemented. 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.

An initial assessment of P63 has identified a number of potential issues that require further clarification by the VAMG. These issues are described within Section 5 of this document.

5 ISSUES RAISED BY THE MODIFICATION PROPOSAL

This section summarises the discussions of both of the VAMG and the Expert Group and presents the issues that have been identified during these discussions.

5.1 Existing Change of Agent Process

The existing processes describing the CoA 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 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, with upper limits for the numbers of Changes of Party Agents with the SMR Agents 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 ² on Portfolio of Metering Systems
Unplanned – Receivership / Liquidation of Party Agent	All
Planned – Commercial Decision	Either All / Partial
Planned – Removal of Accreditation	All
Planned – Merger or Trade Sale	Either All /Partial
Planned – 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 all³ 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.

1.1.1 _____

² In terms of the proportion of Metering Systems within a Supplier's portfolio.

³ The proposer of the Modification has indicated this could be greater than two million.

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 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 CoA process can be deemed to be complete.

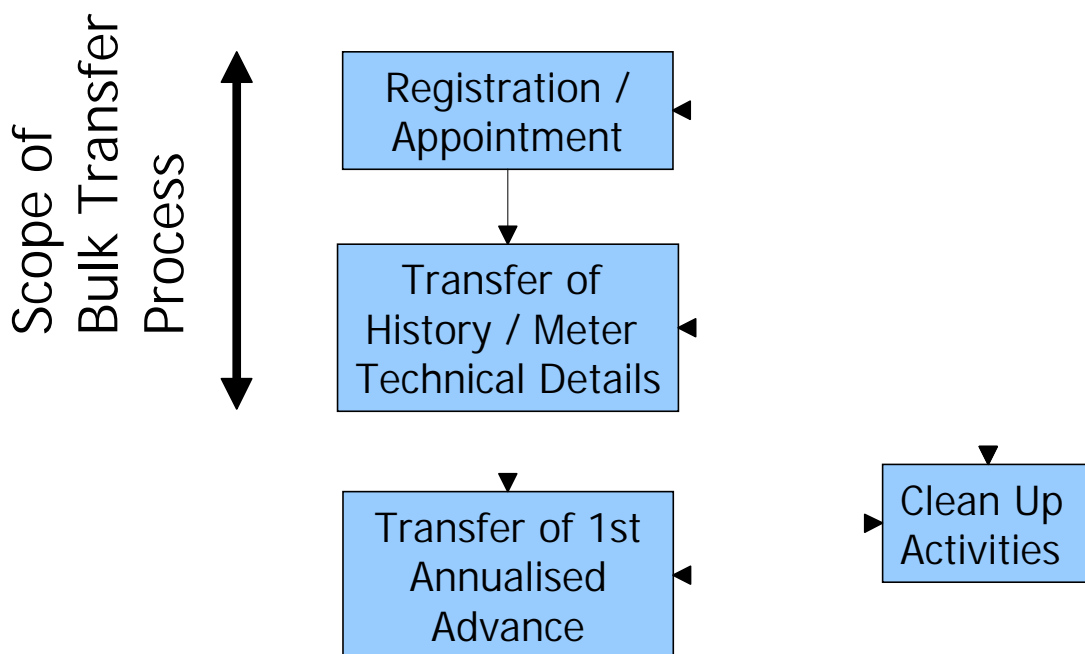


Figure 5.1 Scope of the Bulk Change of Agent Process

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 his obligations with respect to the Metering Systems to which it has just been appointed.

The VAMG and Expert Groups 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 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 and demand is high enough for Suppliers to not want to rush the transfers. .

5.5 Limitations of Existing Change of Agent Process

Both the VAMG and the Expert Group discussed the limitations of the existing Change of Agent 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 discussed 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 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 processes although 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 Modification Group 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 group 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.

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 any Transfer. The VAMG did however 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 for 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 Modification Group to look at both the costs of implementing P63 and the Cost Allocation mechanism that may need to be adopted should P63 be approved. Respondee to the consultation are invited to provide their views on this in order to feed into the VAMG's discussions.

6 POTENTIAL SOLUTIONS TO BULK CHANGE OF AGENT

Both the ELEXON expert group and the Modification group discussed the possible implementation options with regard to the introduction of a Bulk Transfer Process. The options discussed were:

- Utilising Existing Process but removing volume constraints;
- Varying the existing process in some way by streamlining some of the elements of the process;
- Synchronising database update;
- Alternative data sourcing during a Bulk Transfer; or
- Developing a new process.

This section describes some of the issues and / or options discussed by both the VAMG and the Expert Group.

6.1 Using the Existing Process but Removing Volume Constraints

This is the process of utilising the existing CoA process but removing any constraints within the process⁴. The following issues will need to be considered:

Data Transfer Network (DTN)

There would be a significant increase in peak data volumes transmitted over the Data Transfer Network.

Existing SMRA Constraints

As discussed previously there are no formal constraints within the existing process, although in practice British Gas Trading, who transfer large volumes of Agents, agreed capacity constraints with both SMR Agents and Party Agents. The main constraint⁵ appears to be SMR Systems where it appeared that some SMR Agents were able to process a maximum of 5000 CoA per day whilst others were able to process many more. It was observed that whilst it may be possible that the volume of SMRA data flows could be increased, there would be a need to provide additional resources to deal with any exception flows created as a result of the increased volume of appointment flows.

Costs and Cost Allocation

The increase in volume of data flows sent across the DTN, together with the increase in resources that may be required to deal with the increased workload may lead to additional costs being incurred by Party Agents. The Expert Group acknowledged that this might not be an issue were the Supplier initiating the Bulk Transfer Process to subsidise any additional costs.

Certification Limits

There may be a need to review existing centrally imposed limits such as certification limits.

1.1.1

⁴ Note that so far no consideration has been given to the possibility and practicality of modifying existing processes to handle bulk transfers. Existing processes were designed with individual transfers in mind. It may not be necessarily be the case that they can be suitably amended.

⁵ This is in part because there is no commercial relationship between a Supplier and SMRA.

6.2 Varying the Existing Process

The Expert Group discussed varying the existing process for CoA. The Expert Group agreed that the following options could be considered:

- Reduction in the number of DTN Data Flows by streamlining existing flows into a new “super-flow”;
- Use new triggers to eliminate the need for certain flows – For example MPAN List or rule based; and
- To retain existing flows but use a different physical transfer mechanism.

6.3 Synchronising Database Updates

List-driven “Synchronised database updates”, across Parties and Party Agents, represent a possible solution. There would however be a risk of the database updates not being synchronised correctly, but this is also a risk in terms of the existing process and the functionality (e.g. D0095 Data Aggregation Exception Report) exists to highlight any inconsistencies. However, disparate agent systems and database schemas would present a considerable problem. There would be a need for a standard that could be applied across a variety of schemas or conversion by agents applying the updates. This would need to be specified to the same degree as the existing Data Transfer Catalogue flow driven process, with all the attendant risks that this implies.

6.4 Alternative Data Sourcing

Alternative sourcing of data would be an option in the case of agent insolvency and Removal of Accreditation. In some cases no data would be available from an old Party Agent, and in some cases data from a Party Agent may be of very poor quality. In such cases, it would not be in the interests of Settlement, for the new agent or the Supplier to inherit the data. A “start-from-scratch” solution (e.g. treat migrated metering systems as new connections and accept a period of settlement on a class average EAC) would not be in the interest of settlement or anyone else. The use of alternative sources of data - e.g. Supplier - would have certification implications and was thought to be a feasible only as a last-resort basis.

It is recognised that such arrangements need to be defined to make the process resilient to Agent failure.

6.5 Developing of a Completely New Process

Both the VAMG and the Expert Group discussed the potential for the development of a new process for handling the Bulk Transfer Process.

7 CONSULTATION

Parties and Party Agents are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses

Respondent:	
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	(Supplier/Generator/Data Collector/Data Aggregator/ Meter Operator Agent/Distribution Business/Other) ⁶

	Question	Response Yes/No
Q1	Do you agree with the principle that a process needs to be created to deal with a Bulk Transfer Process for Party Agents?	
Rationale:		
Q2	Do you agree that such an obligation should be placed within the Balancing and Settlement Code?	
Rationale:		
Q3	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	
Please state what the issues are:		
Q4	<p>Sections five and six of this Consultation Document described some of the issues associated with implementing a Bulk Transfer process. Do you agree that any Bulk Transfer process should:</p> <p>a) Exclude, but be resilient to, coincident Changes of Supplier? (i.e. not undertake a transfer of Party Agents for metering systems where the Supplier is losing a site to another Supplier)</p> <p>b) Be restricted to SVA metering systems? (as outlined in Section 5.5 of this consultation)</p>	

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⁶ Delete as appropriate

	<p>c) Cover both Half Hourly and Non Half Hourly Metering Systems</p> <p>d) Should only be used for the replacement of a single Party Agent with another single Party Agent within a Distribution Business area?</p> <p>e) Should introduce new Accreditation / Certification /Entry Processes</p>	
<p>Rationale:</p>		
Q5	<p>Do you have any views on the most appropriate mechanisms for introducing a Bulk Transfer process? (Note that the mechanisms already considered are detailed in Section 6 of this consultation document)</p>	
<p>Please outline your views:</p>		
Q6	<p>Do you have any views on the costs and cost allocation for any implementation of this Modification Proposal</p>	
<p>Please state your views:</p>		
Q7	<p>To what extent do you think that it is appropriate to</p> <p>a) Use the existing process but remove any volume constraints (As outlined in Section 6.1 of this document)?</p> <p>b) Develop a revision to the existing processes (as outlined in Section 6.2 of this document)</p> <p>c) Develop a solution based on synchronised database updates (as outlined in Section 6.3 of this document)</p> <p>d) Look at mechanisms for Alternative Data Sourcing (as outlined in Section 6.4 of the this document)</p> <p>e) Develop a completely new process (as outlined in Section 6.5 of this document)</p>	
<p>Please state your views:</p>		
Q8	<p>Do you have any further comments on Modification Proposal P63 that you wish to make?</p>	
<p>Please state your comments</p>		

