



Direct Dial: 020 7901 7355

1 March 2002

The National Grid Company, BSC Signatories and  
Other Interested Parties

Your Ref:  
Our Ref: MP No: P67

Dear Colleague,

**Modification to the Balancing and Settlement Code ("BSC") - Decision and Direction in relation to Modification Proposal P67: "Facilitation of Further Consolidation Options for Licence Exempt Generators (DTI Consolidator Working Group 'Option 4')"**

The Gas and Electricity Markets Authority (the "Authority"<sup>1</sup>) has carefully considered the issues raised in Modification Proposal P67 "Facilitation of Further Consolidation Options for Licence Exempt Generators (DTI Consolidator Working Group 'Option 4')".

The BSC Panel (the "Panel") recommended to the Authority that the Modification Proposal P67 should be approved and implemented on 8 March 2002.

The Authority agrees with the Panel recommendation and has decided to direct a modification to the BSC.

This letter explains the background to the Modification Proposal and sets out the Authority's reasons for its decision. In addition, the letter contains a direction to The National Grid Company plc ("NGC") to modify the BSC as set out in Modification Proposal P67.

**Background to the proposal**

The New Electricity Trading Arrangement (NETA) provisions sought to give generators greater choice as to how and to whom they sold their output. Prior to NETA Go-Live<sup>2</sup> four options had been identified for a Licence Exempt Generator (LEG)<sup>3</sup> to sell its output. One option was for the LEG to become a Party to the BSC. The second option was for the LEG to sell its output to a supplier who could be a specialised consolidator<sup>4</sup>. The third option was for the LEG to sell the whole of its output to a Supplier in the same Grid Supply Point Group (GSPG) who would net off that output with its demand thereby reducing charges associated with transmission. The fourth option was for the LEG to split its output into predictable and unpredictable output that could then

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<sup>1</sup> Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

<sup>2</sup> NETA Go-Live date 27 March 2001

<sup>3</sup> Licence Exempt Generators have outputs of less than 100MW and are generally embedded in the distribution system.

<sup>4</sup> A consolidator is a party who will aggregate the output of a number of LEGs for trading purposes in the electricity market. This aggregation reduces individual exposure to imbalance cash-out prices.

be sold to different Suppliers or consolidators. This option of splitting output into predictable and unpredictable output became known as 'Option 4' and was endorsed in the Ofgem/DTI Conclusions Document on NETA, published in October 1999. However, full implementation of 'Option 4' was not possible before NETA Go-Live.

In November 2001, the Consolidation Working Group (CWG) was established to look at any obstacles in respect of consolidation that could be addressed within the BSC framework, or alongside it, consistent with the BSC objectives. The CWG noted that implementation of Option 4 would be a measure that would provide greater flexibility. It would enable generators who are not Parties to the BSC, to sub-divide output and sell the predictable and unpredictable output separately, effectively enfranchising the generators to sell fixed volumes of energy. This facility would apply to any half-hourly site registered in the Supplier Meter Registration System (SMRS) and therefore to the purchase of fixed volumes of energy at demand sites. Hence, all further references to generators and LEGs should be read as also applying to demand sites unless the context indicates otherwise.

### **The Modification Proposal**

Modification Proposal P67 was raised by PowerGen on 22 January 2002. Modification Proposal P67 proposes changes to the BSC that would provide an additional mechanism to allow the output of a LEG to be split into a fixed amount of energy, which can be sold to one or more Suppliers (Fixed Supplier(s)), and an unpredictable variable amount of energy, either export or import, which can be sold to a single Supplier (Variable Supplier). Under the current arrangements, the BSC allows the export from a LEG to be shared between two Suppliers, the Primary Supplier and the Secondary Supplier. The export can be shared in accordance with a pre-agreed allocation method between the two Suppliers. The allocation methods permitted are described in a BSC procedure document BSCP550 but currently do not allow the allocation of an entirely fixed volume.

Modification Proposal P67 would result in two additional allocation methods being available:

- the Fixed Block Method; and
- the Multiple Fixed Block Method.

The form and method of submissions are covered in BSCP550 and are a matter for bilateral agreement between the Primary Supplier and the relevant Half-Hourly Data Collector (HHDC).

Modification Proposal P67 seeks to better facilitate the achievement of the relevant BSC Objective<sup>5</sup> C 3.3 (c) of NGC's Transmission Licence by enabling greater flexibility for embedded generators to sell their output, thereby further promoting competition in the generation market.

Following receipt of the Modification Proposal P67, the Panel Chairman sought the views of Panel members on whether the proposal should be treated as urgent. Following receipt of Panel members' views, the Panel Chairman consulted with the Authority and set out a proposed process and timetable for the proposal. On 24 January 2002 the Authority responded to the Panel Chairman stating that it had considered the process and the timetable proposed by the BSC Panel in relation to Modification Proposal P67 and that the Authority agreed that the timetable and

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<sup>5</sup> The relevant BSC Objectives are contained in Condition C3.3 of NGC's Transmission Licence and are:

- (a) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
- (b) the efficient, economic and co-ordinated operation by the licensee of the licensee's transmission system;
- (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.

process should be followed. The proposal was therefore treated as an Urgent Modification Proposal in accordance with BSC Section F 2.9.

Modification Proposal P67 was assessed by the modification group (the Group) at a meeting held on 30 January 2002<sup>6</sup>. On 1 February 2002 the Group initiated a consultation on the issues arising from Modification Proposal P67, with responses due by 7 February 2002. This consultation was sent to HHDCs, Distribution Businesses, Parties to the BSC and members of the Modification Group. Documents sent included a consultation paper and questionnaire, a requirements Specification and a copy of the draft Urgent Modification Report including draft legal text.

The Group recognised that to implement Modification Proposal P67 it was essential for the Meter Registration Agreement (MRA) to be changed to allow for the extra allocations. An MRA Change Proposal CP99 was raised by ELEXON. The MRA Executive Committee agreed on 29 January 2002 to proceed with MRA CP99 'Removal of the restriction to allow only one associated Pseudo Metering Point' to address the Modification Proposal P67 requirements. It was envisaged that the necessary change to the MRA would be implemented by 8 March 2002<sup>7</sup>.

Approval of the potential changes to Code Subsidiary Documents required for Modification Proposal P67 has been progressed via the Supplier Volume Group (SVG) and Performance Assurance Board (PAB)<sup>8</sup>. The Urgent Modification Report for Modification Proposal P67 notes a number of dependencies for the proposed Implementation Date of 8 March 2002.

The draft Urgent Modification Report was amended to take account of the consultation responses and was presented to the Panel meeting on 14 February 2002.

### **Respondents' Views**

A questionnaire was produced and used in the consultation. In total, fifteen consultation responses were received representing the views of fifty-six Parties and one non-Party<sup>9</sup>.

Twelve responses (representing forty-eight Parties and one non-Party) agreed with the principles of Modification Proposal P67 whilst three responses (representing eight Parties) did not, or were interpreted as not. Two responses questioned whether Modification Proposal P67 would allow any further commercial value to be realised for embedded generators' energy. Two responses (representing twenty-three Parties) suggested that the use of Meter Volume Reallocation Notifications (MVRNs) already allowed the functionality to be realised, particularly in the light of the Authority's recent decision on P7.

Eleven responses (representing twenty-seven Parties and one non-party) felt that Modification Proposal P67 better facilitated achievement of the applicable BSC Objectives with the majority citing Objective 3.3 (c), the promotion of effective competition in the generation and supply of electricity. Four responses (representing twenty-nine Parties) did not believe that Modification Proposal P67 better met the BSC Objectives, with some noting that alternative routes already exist under the BSC. Of particular note, one respondent stated that Modification Proposal P67 was raised before the Authority decision on P7. The respondent states that following that decision,

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<sup>6</sup> Details of attendees at that meeting on 30 January 2002 are shown in Annex 3 of the Urgent Modification Report.

<sup>7</sup> The outcome of the emergency MRA Development Board (MDB) is included in Section 4.4. P13 of the Urgent Modification Report for Modification Proposal P67 version 1, 20/02/02.

<sup>8</sup> The outcomes of the SVG and PAB decisions are included in Section 4.5 and 4.6 of the Modification Proposal P67 Urgent Modification Report respectively.

<sup>9</sup> Copies of the responses to the Consultation may be found in Annex 2 of the Modification Proposal P67 Urgent Modification Report version 1, 20/02/02

Modification Proposal P67 will replicate functionality that will exist within the BSC after 28 February 2002. The respondent notes that Modification Proposal P67 seeks to deliver the same trading options for sub-Balancing Mechanism (BM) Unit level sites as for BM Units themselves, i.e. the trading of fixed and variable volumes of energy, without the loss of the embedded benefits associated with that energy or the need to transfer the whole site into the central trading arrangements. Through the use of an Additional Supplier BM Unit, a single site can be registered into a single BM Unit. The energy from that site can then be split into fixed and variable portions as required through the use of MVRNs. Consequently, a consolidator can purchase the variable output from a site via the central system without the requirement of holding a Supply Licence, whilst the fixed element can be sold out or retained as the registrant sees fit.

The consultation questionnaire asked whether Public Distribution System Operator's (PDSOs) felt there were any additional issues affecting them as a result of Modification Proposal P67. Four respondents had concerns over the billing of Distribution Use of System (DUoS) Charges and the added complexity of dealing with resultant allocated energy.

One respondent commented on a potential impact on Ofgem's own processes for administering Levy Exemption Certificates (LECs) and Renewable Obligation Certificates (ROCs).

The respondents' views are comprehensively summarised in the Urgent Modification Report for Modification Proposal P67 dated 20 February 2002.

### **Panel's Recommendation**

The Panel meeting on 14 February 2002 was presented with the draft Urgent Modification Report. The Panel was advised that a number of consultation responses contained concerns with Modification Proposal P67 (and MRA CP99) on the basis that there was no limit on the number of Metering System Identifications (MSIDs) which could participate in the revised Shared Supplier Volume Allocation (SVA) Meter Arrangement. ELEXON advised the Panel that a means of addressing this issue was to introduce a flexible limit on the number of MSIDs and hence the number of Suppliers, for each Shared SVA Meter Arrangement, and that this flexible limit could be increased if those participants choosing to utilise the revised Shared SVA Meter Arrangement were able to do so without compromising the processes and timescales described in BSCP550. The Panel was requested to agree that a limit of 9 MSIDs (one actual and eight pseudo) be introduced. The Panel supported this requirement.

The Panel noted that PDSOs would be required to continue to provide accurate DUoS billing in line with their licence conditions and therefore there was the requirement to obtain suitable data from the HHDCs.

In view of the short timescale allowed to process Modification Proposal P67 through the Urgent Modification Procedure, the Panel requested that the Authority take proper account of the potential problems that had yet to be fully explored because of the compressed timescale.

The Panel noted that some responses to the consultation stated that Modification P7 would deliver some of the consolidator requirements though it was agreed that this was not a replacement for Modification Proposal P67.

At its meeting of 14 February 2002, the Panel noted the responses received to the consultation on the draft Urgent Modification Report. They also confirmed a recommendation to the Authority that Modification Proposal P67 should be approved on the basis that it better facilitated achievement of

the applicable BSC Objectives, particularly Condition C3.3 (c), promoting effective competition in the generation and supply of electricity, and agreed the Implementation Date of 8 March 2002.

The Panel further approved the proposed text for modifying the BSC, including the additional requirement to add in a hook into BSCP550 to introduce a flexible limit on the number of MSIDs participating in the revised arrangements. The Urgent Modification Report has consequently modified the legal text that was presented to the Panel on 14 February 2002 to allow for this requirement.

### **Ofgem's view**

Ofgem considers, having had regard to its statutory duties, that Modification Proposal P67 better facilitates the achievement of the relevant BSC Objective of Condition C3.3 (c), the promotion of effective competition in the generation and supply of electricity.

This modification will give Supplier Meter Registration Service (SMRS) registered generators (and demand sites), who are not Parties to the BSC, greater choice as to who they contract with and under what terms. This will have the effect of improving competition and ultimately benefiting customers.

It was originally envisaged under the design of NETA that LEGs would be able to split their output (e.g. between predictable and unpredictable) and sell it to different suppliers/consolidators. Under the current BSC (as modified by Modification P7) this is possible by a Supplier/BSC Party (the buyer) carrying out MVRNs in the central notification system to reallocate energy to other Parties' accounts, thus forming an exclusive trading route for the LEG.

This modification provides a different route for notification of energy allocation and one that is not subject to the rigours of the central notification systems. As a result it provides additional flexibility in the development of contractual relationships between sellers and buyers. This could extend to the delegation by the Primary Supplier of the responsibility to make notifications to the Data Collector and possibly to the emergence of consolidators who are neither Suppliers nor BSC Parties.

Some respondents have commented on the potential complexity that the Modification Proposal could add. Ofgem are not in favour of adding complexity to the arrangements and will endeavour to examine ways to reduce it wherever possible. In this case, however, the benefits of providing the additional flexibility outweigh the potential for additional complexity.

Regarding the issue of ROCs and LECs, Ofgem are reviewing the procedures that fall under its remit and will align these appropriately with the trading arrangements.

### **The Authority's decision**

The Authority has therefore decided to direct that Modification Proposal P67 should be made and implemented.

### **Direction under Condition C3.5(a) of NGC's Transmission Licence**

Having regard to the above, the Authority, in accordance with Condition C3.5(a) of the licence to transmit electricity granted to NGC under Section 6 of the Electricity Act 1989 as amended (the "Transmission Licence"), hereby directs NGC to modify the BSC as set out in Modification Proposal P67. A copy of the text of the modification to the BSC is attached to this letter.

The Modification is to take effect from 8 March 2002.

In accordance with Condition C3.5(b) of NGC's Transmission Licence, NGC shall modify the BSC in accordance with this direction of the Authority.

Please do not hesitate to contact me on the above number if you have any queries in relation to the issues raised in this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

**Nick Simpson**

**Director, Industry Codes Development**

Signed on behalf of the Authority and authorised for that purpose by the Authority

## Legal Text to give effect to the Proposed Modification

### Section J

2.4.2 Without prejudice to the generality of paragraph 2.4.1:

- (a) an Accredited Data Aggregator which is to start aggregating energy values per Supplier BM Unit in accordance with paragraph 3.6 of Annex S-2; or
- (b) an Accredited Data Collector or Accredited Data Aggregator which is to start collecting or aggregating data in the circumstances where paragraphs 3.3.4 and 3.5.5, respectively, of Annex S-2 apply; or
- (c) an Accredited Data Collector which is to start collecting data in the circumstances where there is a variable supplier as referred to in paragraph 3.5.5 of Annex S-2,

shall be Accredited and its Agency Systems Certified in respect of those functions before starting to do so.

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4.1.4 In respect of a Shared SVA Metering System, where the same SVA Metering Equipment measures Export Active Energy in respect of supplies to two or more Suppliers or Import Active Energy in respect of supplies by two or more Suppliers (as the case may be):

- (a) the Primary Supplier shall:
  - (i) nominate a Meter Operator Agent and a Data Collector for that Shared SVA Metering System and inform the Secondary Supplier(s) of that nomination; and
  - (ii) ensure that the nominated Data Collector is provided with the Allocation Schedule for that Shared SVA Metering System in accordance with BSCP 550;
- (b) all such Suppliers shall:
  - (i) secure that the nominated Meter Operator Agent and Data Collector is appointed for that Shared SVA Metering System notwithstanding that the Metering System may have more than one SVA Metering System Number for the purposes of registration in SMRS;
  - (ii) arrange for the Primary Supplier to notify the nominated Meter Operator Agent and Data Collector of those SVA Metering System Numbers before their respective appointments as Party Agents come into effect;
  - (iii) notify the nominated Meter Operator Agent of its appointment and the nominated Data Collector of its appointment at least five Business Days before such appointment is to come into effect and (if practicable) give them at least five Business Days' notice of the termination of their respective appointments; and
- (c) each such Supplier shall appoint a Data Aggregator of its choice provided that the Primary Supplier shall in respect of any particular period appoint its Data Aggregator against its related SVA Metering System Number(s) and the

Secondary Supplier(s) shall appoint their Data Aggregators against their related SVA Metering System Number(s) for such Shared SVA Metering System.

- 4.1.5 Where the same SVA Metering Equipment at a Third Party Generating Plant measures both Import Active Energy and Export Active Energy:
- (a) the Supplier (or, in the case of a Shared SVA Metering System, the Primary Supplier) which is taking the Export Active Energy shall secure that the same Meter Operator Agent is appointed in respect of the measurement of Export Active Energy as has been appointed in respect of the measurement of Import Active Energy; and
  - (b) the Supplier (or, in the case of a Shared SVA Metering System, the Primary Supplier) which is supplying the Import Active Energy shall provide the Party (or Primary Supplier, as the case may be) which is taking the Export Active Energy with details of the Meter Operator Agent appointed in respect of the measurement of Import Active Energy,
- in accordance with BSCP 550.
- 4.1.6 Where an Outstation or Outstations associated with a SVA Metering System at a Third Party Generating Plant is being used for the purposes of transferring data relating to both Import Active Energy and Export Active Energy:
- (a) the Supplier (or, in the case of a Shared SVA Metering System, the Primary Supplier) which is taking the Export Active Energy shall, subject to paragraph (c)) secure that the same Data Collector is appointed as is appointed to collect Import Active Energy from such Outstation;
  - (b) the Supplier (or, in the case of a Shared SVA Metering System, the Primary Supplier) which is supplying the Import Active Energy shall provide the Party (or Primary Supplier, as the case may be) which is taking the Export Active Energy with details of the Data Collector appointed in respect of the collection of data relating to Import Active Energy; and
- (c) both Suppliers shall ensure that the Data Collector so appointed is appropriately Accredited.

#### *Section K*

### **2.5 Shared SVA Meter Arrangements**

2.5.1 Subject to and in accordance with this paragraph 2.5 and the further provisions of the Code, two or more Suppliers may make an arrangement (a "**Shared SVA Meter Arrangement**") under which there is a single SVA Metering System for Exports or Imports (from or to the same Plant and Apparatus) for which the two or more Suppliers are responsible.

2.5.2 A Shared SVA Meter Arrangement may be made only:

- (a) in relation to a SVA Metering System comprising Half Hourly Metering Equipment; and
- (b) in relation to Exports or (as the case may be) Imports for which the two or more Suppliers are responsible (and not in relation to a combination of Exports and Imports but without prejudice to paragraph 2.5.4(c)(ii)); and
- (c) between no more than the maximum number of Suppliers in relation to a SVA Metering System as may from time to time be determined and published by BSCCo in accordance with the procedures set out in BSCP 550 (and, where a maximum number is so specified, references in the Code to two or more Suppliers under a Shared SVA Meter Arrangement are subject to such maximum limit).

2.5.3 A Shared SVA Meter Arrangement shall be made, and related information submitted, maintained and updated, in accordance with and subject to the provisions of BSCP 550.

2.5.4 Where Suppliers make a Shared SVA Meter Arrangement:

- (a) the Suppliers shall ensure that each is informed of each other's identity by the SVA Customer or (as the case may be) SVA Generator;
- (b) the Suppliers shall agree which of them is to act as primary Supplier for the purposes of the Code, failing which the Panel shall nominate one of them to act as primary Supplier;
- (c) each Supplier shall:
  - (i) register the Shared SVA Metering System in the SMRS with a different SVA Metering System Number, for which each Supplier shall be respectively responsible;
  - (ii) where the Supplier is the variable supplier as referred to in paragraph 3.5.5 of Annex S-2, register the Shared SVA Metering System in the SMRS with two different SVA Metering System Numbers (one classed as import and the other as export in accordance with BSCP 550), for which such Supplier is responsible;
  - (iii) inform the SMRA if at any time it ceases to be responsible for the Shared SVA Metering System, provided that:
    - (1) all such Suppliers may not cease to be so responsible at the same time unless the relevant SVA Metering System is disconnected at that time or another Supplier or Suppliers assume responsibility for that Metering System in accordance with the provisions of the Code with effect from the time when all such Suppliers cease to be so responsible; and
    - (2) where a Supplier ceases to be so responsible as a result of another Supplier assuming such responsibility, that other Supplier (rather than the Supplier ceasing to be so responsible) shall inform the SMRA;
  - (iv) maintain and update the information in that SMRS for which it is responsible;
- (d) the Primary Supplier shall ensure that an Allocation Schedule and the associated rules for application and maintenance of the Allocation Schedule are established and submitted in accordance with BSCP 550.

2.5.5 In connection with any Shared SVA Meter Arrangement, the Primary Supplier shall:

- (a) ensure (in accordance with Section J4.1.4) that only one Meter Operator Agent and one Data Collector is appointed for the Shared SVA Metering System;
- (b) request the SMRA to provide (for the purposes of paragraph 2.5.4(c)(i) and, where applicable, paragraph 2.5.4(c)(ii)) SVA Metering System Numbers for the Shared SVA Metering System;

- (c) notify the Secondary Supplier(s) of their SVA Metering System Number(s);
- (d) promptly inform the Secondary Supplier(s) of any changes to information for which the Primary Supplier is solely responsible in relation to the Shared SVA Metering System;
- (e) ensure that each Secondary Supplier has equal access, for so long as the Secondary Supplier remains a Secondary Supplier in respect of the Shared SVA Metering System, to the data recorded by the relevant Metering Equipment;
- (f) be the Party responsible for submitting the initial Allocation Schedule and any subsequent Allocation Schedules to the Half Hourly Data Collector and the Secondary Supplier(s);
- (g) where the initial or any subsequent Allocation Schedule specifies an amount of energy to be employed by way of fixed block or multiple fixed block in accordance with BSCP 550, estimate and notify to the Half Hourly Data Collector the maximum output or consumption capacity (as the case may be) of the Plant or Apparatus associated with the Shared SVA Metering System (expressed in MWh per Settlement Period), and revise such estimate from time to time, in each case in accordance with BSCP 550.

2.5.6 Where a Secondary Supplier ceases to be a Secondary Supplier in respect of a Shared SVA Metering System and is not replaced by a new Secondary Supplier in accordance with BSCP 550 and no other Secondary Suppliers form part of the Shared SVA Meter Arrangement:

- (a) the SVA Metering System shall cease to be the subject of a Shared SVA Meter Arrangement;
- (b) the Primary Supplier shall assume sole responsibility for such Metering System; and
- (c) the SMRA shall be requested to mark the SVA Metering System Number of the Secondary Supplier as disconnected.

2.5.7 Where a Secondary Supplier ceases to be a Secondary Supplier in respect of a Shared SVA Metering System and is not replaced by a new Secondary Supplier in accordance with BSCP 550 but other Secondary Suppliers still form part of the Shared SVA Meter Arrangement:

- (a) the Primary Supplier shall ensure that a subsequent Allocation Schedule is submitted; and
- (b) the SMRA shall be requested to mark the relevant SVA Metering System Number(s) of the Secondary Supplier as disconnected.

2.5.8 Where the Primary Supplier ceases to be the Primary Supplier and is not replaced by a new Primary Supplier in accordance with BSCP 550 and there is only one Secondary Supplier which forms part of the Shared SVA Meter Arrangement:

- (a) the SVA Metering System shall cease to be the subject of a Shared SVA Meter Arrangement;
- (b) the Secondary Supplier shall assume sole responsibility for such Metering System; and

- (c) the Secondary Supplier shall request the SMRA to mark its SVA Metering System Number as disconnected and to register the Secondary Supplier as the Registrant of such Metering System with the SVA Metering System Number previously assigned to such Primary Supplier.2.5.9 Where the Primary Supplier ceases to be the Primary Supplier and is not replaced by a new Primary Supplier in accordance with BSCP 550 and there is more than one Secondary Supplier which form part of the Shared SVA Meter Arrangement:
- (a) the SVA Metering System shall continue to be the subject of a Shared SVA Meter Arrangement;
  - (b) the Secondary Suppliers shall agree which of them is to act as Primary Supplier, failing which the Panel shall nominate one of them to act as Primary Supplier;
  - (c) the Secondary Supplier which assumes the role of Primary Supplier shall:
    - (i) ensure that a subsequent Allocation Schedule is submitted; and
    - (ii) request the SMRA to mark its Secondary SVA Metering System Number(s) as disconnected and to register it with the SVA Metering System Number previously assigned to the Primary Supplier.

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7.3.7 Where a Replacement Supplier is appointed in respect of Plant or Apparatus which is subject to a Shared SVA Meter Arrangement, then notwithstanding any provisions to the contrary in paragraph 2.5:

- (a) references in this paragraph 7 to Metering Systems associated with a BM Unit shall include the Shared SVA Metering System;
- (b) the transfer of responsibility under this paragraph 7 shall apply in respect of Exports and Imports associated with the SVA Metering System Number(s) of the failing Supplier;
- (c) the Allocation Schedule prevailing immediately prior to the Appointment Day shall continue to apply and to bind the Replacement Supplier and the other Supplier(s) (not being the failing Supplier) to the Shared SVA Meter Arrangement;
- (d) the Replacement Supplier shall assume the status previously held by the failing Supplier as the Primary Supplier or a Secondary Supplier (as the case may be);
- (e) the provisions of paragraph 7.6.7 shall apply.

...

7.6.7 In relation to a Shared SVA Meter Arrangement, if the Replacement Supplier and the other Supplier(s) (not being the failing Supplier) fail to reach agreement, prior to the deadline provided in paragraph 7.6.2, on the arrangements which are to apply as between themselves for the purposes of the Shared SVA Meter Arrangement, the provisions of paragraph 2.5.6 shall apply as if a Secondary Supplier had ceased to be the Secondary Supplier.

**Annex S-2**

3.1.2 If:

- (a) a SVA Generator provides Export Active Energy through a SVA Metering System and such Export Active Energy is allocated between two or more Suppliers, and/or
- (b) a SVA Customer consumes Import Active Energy through a SVA Metering System and such Import Active Energy is allocated between two or more Suppliers,

each such Supplier shall ensure that aggregated consumption figures for each Settlement Period of each Settlement Day shall be made available to the SVAA pursuant to this paragraph 3 in respect of all of such Supplier's Metering System Numbers associated with Metering Systems which are subject to half hourly metering.

...

3.3.1 Paragraph 3.3.2 shall apply in respect of each Metering System subject to half hourly metering and each Unmetered Supply subject to Equivalent Metering (other than a Metering System through which a SVA Generator provides Export Active Energy or a SVA Customer consumes Import Active Energy and such Export Active Energy or Import Active Energy (as the case may be) is allocated between a Primary Supplier and the associated Secondary Supplier(s), in which case the provisions of paragraph 3.3.4 shall apply).

...

3.3.3 Paragraph 3.3.4 shall apply in respect only of each Metering System subject to half hourly metering through which:

- (a) a SVA Generator provides Export Active Energy and such Export Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s); or
- (b) a SVA Customer consumes Import Active Energy and such Import Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s).

3.3.4 Where this paragraph 3.3.4 applies:

- (a) the relevant Primary Supplier and the associated Secondary Supplier(s) shall appoint the same Half Hourly Data Collector to be responsible for such Metering System;
- (b) the Primary Supplier shall provide an initial Allocation Schedule in respect of such Metering System to such Half Hourly Data Collector and the associated Secondary Supplier(s) pursuant to BSCP 550;
- (c) the Primary Supplier shall provide any subsequent Allocation Schedules in respect of such Metering System to such Half Hourly Data Collector and to the associated Secondary Supplier(s) pursuant to BSCP 550;
- (d) each such Primary Supplier and the associated Secondary Supplier(s) shall ensure that their Half Hourly Data Collector shall in respect of each such Metering System for which such Half Hourly Data Collector is responsible:

- (i) collect the Metered Data in accordance with BSCP 550;
- (ii) check the Metered Data and provide reports in accordance with BSCP 550;
- (iii) enter the Supplier's Meter Register Consumption (SMRC<sub>ZaKJj</sub>) into the relevant data collection system (where, for such Metering System and such consumption, the subscript "Z" shall denote both the Primary Supplier "Z1" and each associated Secondary Supplier "Zn" responsible for such Metering System; and the subscript "a" shall denote both the Primary Supplier's Half Hourly Data Aggregator "a1" (and, where Section K2.5.4(c)(ii) applies to the Primary Supplier, "a1.1") responsible for such Metering System and each associated Secondary Supplier's Half Hourly Data Aggregator "an" (and, where Section K2.5.4(c)(ii) applies to the Secondary Supplier, "an.1") responsible for such Metering System);
- (iv) check for consistency of standing data entries provided by the Primary Supplier and the associated Secondary Supplier(s) responsible for such Metering System, resolve inconsistencies with such Suppliers and, when consistent, update such standing data entries or, if such inconsistencies cannot be resolved pursuant to BSCP 550, carry out the relevant default procedures in accordance with such BSC Procedure;
- (v) update standing data entries provided by the SVAA; and update the Meter Technical Details to take account of new or revised information as provided by the relevant Meter Operator Agent;
- (vi) carry out meter advance reading and reconcile the actual meter advance with synthesised meter advance derived from the Supplier's Meter Register Consumption input to the relevant data collection system;
- (vii) process the Supplier's Meter Register Consumption (SMRC<sub>ZaKJj</sub>) employing the Allocation Schedule in respect of such Metering System for the relevant Settlement Period and Settlement Day (but disregarding, in respect of such Settlement Period, any Allocation Schedule to the extent that it was submitted after Gate Closure for that Settlement Period) and provide the resulting Supplier's Metering System Metered Consumptions (SMMC<sub>ZaKj</sub>) in respect of the Primary Supplier and the associated Secondary Supplier(s) to the relevant Half Hourly Data Aggregators;
- (viii) provide the Supplier's Metering System Metered Consumption report (which, in the event of a dispute related to the Metered Data in respect of such Metering System, shall include the Shared Suppliers' Metering System Metered Consumption in respect of such Metering System and each Settlement Period of the relevant Settlement Day) in respect of the Primary Supplier to the Primary Supplier responsible for such Metering System and the relevant Distribution System Operator; and
- (ix) provide the Supplier's Metering System Metered Consumption report (which, in the event of a dispute related to the Metered Data in respect of such Metering System, shall include the Shared Suppliers' Metering System Metered Consumption in respect of such Metering System and each Settlement Period of the relevant Settlement Day) in respect of each

Secondary Supplier to the relevant Secondary Supplier responsible for such Metering System and the relevant Distribution System Operator.

3.3.5 For the avoidance of doubt, each Secondary Supplier shall be bound, for the purposes of the Code, by the Allocation Schedule submitted from time to time by the Primary Supplier in accordance with BSCP 550 and no dispute may be raised under the Code as to the accuracy or completeness of an Allocation Schedule submitted in accordance with BSCP 550 (but without prejudice to any rights which the Secondary Supplier(s) may have under any other agreement with the Primary Supplier in respect thereof).

...

3.5.2 In the case of a Metering System through which:

- (a) a SVA Generator provides Export Active Energy and such Export Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s), or
- (b) a SVA Customer consumes Import Active Energy and such Import Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s).

the relevant Primary Supplier and the associated Secondary Supplier(s) shall ensure that the Supplier's Meter Register Consumption shall be so collected and the subscripts "Z" and "a" shall be construed as set out in paragraph 3.3.4.

...

3.5.4 The provisions of paragraph 3.5.5 apply in the case of a Metering System:

- (a) through which:
  - (i) a SVA Generator provides Export Active Energy and such Export Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s); or
  - (ii) a SVA Customer consumes Import Active Energy and such Import Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s); and
- (b) for which the relevant Half Hourly Data Collector appointed to be responsible for such Metering System has not identified or, if it has identified, has resolved, any inconsistencies in notifications from the Primary Supplier and the associated Secondary Supplier(s) responsible for such Metering System pursuant to BSCP 550; and
- (c) for which the Primary Supplier has provided the relevant Allocation Schedule for the Settlement Period being processed to such Half Hourly Data Collector pursuant to such BSC Procedure and no later than Gate Closure for that Settlement Period.

3.5.5 In the case of a Metering System to which this paragraph applies, the Primary Supplier and the associated Secondary Supplier(s) responsible for such Metering System shall ensure that the relevant Half Hourly Data Collector shall for each Settlement Period "j":

- (a) determine the Shared Suppliers' Metering System Metered Consumption ( $SHMMC_{ZaKj}$ ) for such Metering System "K" according to the following formula:

$$SHMMC_{ZaKj} = \sum_j^K SMRC_{ZaKj}$$

where the subscripts "Z" and "a" shall be construed as set out in paragraph 3.3.4;

- (b) determine the Primary Supplier's Metering System Metered Consumption ( $PSMMC_{Z1a1K1j}$ ) for such Primary Supplier "Z1" for the relevant Primary Metering System Number "K1" which is associated with such Metering System "K" and against which the particular Half Hourly Data Aggregator "a1" is appointed by the Primary Supplier to be responsible, employing the relevant Allocation Schedule associated with such Metering System and Settlement Day submitted in accordance with BSCP 550 and no later than Gate Closure for the relevant Settlement Period, as:
- (i) if a percentage fraction is specified in such Allocation Schedule to be employed for the relevant Settlement Period, such percentage fraction of the Shared Suppliers' Metering System Metered Consumption; or
  - (ii) if an amount of energy is specified in such Allocation Schedule to be employed by way of capped block for the relevant Settlement Period, the lesser of such amount and the Shared Suppliers' Metering System Metered Consumption; or
  - (iii) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Primary Supplier is identified as the fixed supplier, such amount of energy or, where such amount exceeds the Relevant Capacity Limit, the amount of energy determined for the equivalent Settlement Period in the preceding Settlement Day; or
  - (iv) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Primary Supplier is identified as a fixed supplier, the amount of energy allocated to the Primary Supplier or, where the total amount of energy specified in such Allocation Schedule for all Suppliers identified as fixed suppliers exceeds the Relevant Capacity Limit (in accordance with BSCP 550), the amount of energy determined in respect of the Primary Supplier for the equivalent Settlement Period in the preceding Settlement Day; or
  - (v) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Primary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption exceeds the amount of energy allocated to the associated Secondary Supplier and, if no such excess, zero; or
  - (vi) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Primary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption exceeds the total amount of energy allocated to all the associated Secondary Suppliers and, if no such excess, zero;
- (c) where applicable, determine the Primary Supplier's Metering System Metered Consumption ( $PSMMC_{Z1a1.K1.i.j}$ ) for such Primary Supplier "Z1" for the relevant

Primary Metering System Number "K1.1" which is associated with such Metering System "K" and against which the particular Half Hourly Data Aggregator "a1.1" is appointed by the Primary Supplier to be responsible, employing the relevant Allocation Schedule associated with such Metering System and Settlement Day submitted in accordance with BSCP 550 and no later than Gate Closure for the relevant Settlement Period, as:

- (i) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Primary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption falls short of the amount of energy allocated to the associated Secondary Supplier and, if no such shortfall, zero; or
- (ii) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Primary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption falls short of the total amount of energy allocated to all the associated Secondary Suppliers and, if no such shortfall, zero;

(d) determine each Secondary Supplier's Metering System Metered Consumption ( $SSMMC_{ZnanKnj}$ ) for such Secondary Supplier "Zn" for the relevant Secondary Metering System Number "Kn" which is associated with such Metering System "K" and against which the particular Half Hourly Data Aggregator "an" is appointed by the Secondary Supplier to be responsible, employing the relevant Allocation Schedule associated with such Metering System and Settlement Day submitted in accordance with BSCP 550 and no later than Gate Closure for the relevant Settlement Period, as:

- (i) where paragraph (b)(i) or (b)(ii) above apply in respect of the Primary Supplier:

$$SSMMC_{ZnanKnj} = \max ((SHMMC_{ZaKj} - PSMMC_{Z1a1K1j}), 0) ;$$

where  $PSMMC_{Z1a1K1j}$  is the Primary Supplier's Metering System Metered Consumption associated with such Metering System "K" determined pursuant to paragraph (b)(i) or (b)(ii) as applicable;

- (ii) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Secondary Supplier is identified as the fixed supplier, such amount of energy or, where such amount exceeds the Relevant Capacity Limit, the amount of energy specified for the equivalent Settlement Period in the preceding Settlement Day; or
- (iii) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Secondary Supplier is identified as a fixed supplier, the amount of energy allocated to the Secondary Supplier or, where the total amount of energy specified in such Allocation Schedule for all Suppliers identified as fixed suppliers exceeds, the amount of energy allocated to the Secondary Supplier for the equivalent Settlement Period in the preceding Settlement Day; or

- (iv) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Secondary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption exceeds the amount of energy allocated to the Primary Supplier and, if no such excess, zero; or
  - (v) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Secondary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption exceeds the total amount of energy allocated to the Primary Supplier and all the other associated Secondary Suppliers and, if no such excess, zero;
- (e) where applicable, determine each Secondary Supplier's Metering System Metered Consumption ( $SSMMC_{Z_{nan.1}Kn.1j}$ ) for such Secondary Supplier "Zn" for the relevant Secondary Metering System Number "Kn.1" which is associated with such Metering System "K" and against which the particular Half Hourly Data Aggregator "an.1" is appointed by the Secondary Supplier to be responsible, employing the relevant Allocation Schedule associated with such Metering System and Settlement Day submitted in accordance with BSCP 550 and no later than Gate Closure for the relevant Settlement Period, as:
- (i) if an amount of energy is specified in such Allocation Schedule to be employed by way of fixed block for the relevant Settlement Period and the Secondary Supplier is identified as the variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption falls short of the amount of energy allocated to the Primary Supplier identified as the fixed supplier and, if no such shortfall, zero; or
  - (ii) if an amount of energy is specified in such Allocation Schedule to be employed by way of multiple fixed block for the relevant Settlement Period and the Secondary Supplier is identified as a variable supplier, the amount by which the Shared Suppliers' Metering System Metered Consumption falls short of the total amount of energy allocated to the Primary Supplier and all other Secondary Suppliers identified as fixed suppliers and, if no such shortfall, zero;
- (f) determine the Supplier's Metering System Metered Consumption ( $SMMC_{ZaKj}$ ) in respect of the Primary Supplier as:
- (i) where  $PSMMC_{Z1a1.1K1.1j}$  has a non-zero value:  

$$SMMC_{ZaKj} = PSMMC_{Z1a1.1K1.1j}$$
  - (ii) otherwise:  

$$SMMC_{ZaKj} = PSMMC_{Z1a1K1j}$$

and provide such Supplier's Metering System Metered Consumption to the relevant Half Hourly Data Aggregator appointed by the Primary Supplier to be responsible for such Metering System against the related Primary Metering System Number where the values of "Z", "a" and "K" are those values applicable to such Primary Supplier, such Half Hourly Data Aggregator and such Primary Metering System Number respectively; and

(g) determine the Supplier's Metering System Metered Consumption ( $SMMC_{ZaKj}$ ) in respect of each Secondary Supplier as:

(i) where  $SSMMC_{Znan.1Kn.1j}$  has a non-zero value:

$$SMMC_{ZaKj} = SSMMC_{Znan.1Kn.1j}$$

(ii) otherwise:

$$SMMC_{ZaKj} = SSMMC_{ZnanKnj}$$

and provide such Supplier's Metering System Metered Consumption to the relevant Half Hourly Data Aggregator appointed by the Secondary Supplier to be responsible for such Metering System against the related Secondary Metering System Number where the values of "Z", "a" and "K" are those values applicable to such Secondary Supplier, such Half Hourly Data Aggregator and such Secondary Metering System Number respectively. 3.5.6 Paragraph 3.5.7 applies:

(a) in the case of a Metering System through which:

(i) a SVA Generator provides Export Active Energy and such Export Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s); or

(ii) a SVA Customer consumes Import Active Energy and such Import Active Energy is allocated between a Primary Supplier and the associated Secondary Supplier(s); and

(b) (in either case) either:

(i) the relevant Half Hourly Data Collector appointed to be responsible for such Metering System has identified and has not resolved inconsistencies in notifications from the Primary Supplier and the associated Secondary Supplier(s) responsible for such Metering System pursuant to BSCP 550; or

(ii) the Primary Supplier has not provided the relevant Allocation Schedule for the Settlement Period being processed to such Half Hourly Data Collector pursuant to BSCP 550 and no later than Gate Closure for the relevant Settlement Period.

3.5.7 Where this paragraph 3.5.7 applies, the Primary Supplier and the associated Secondary Supplier(s) responsible for such Metering System shall ensure that the relevant Half Hourly Data Collector shall take such actions as are specified in BSCP 550 to be taken by such Half Hourly Data Collector in such circumstances.

#### *Annex X-1*

##### **"Allocation Schedule":**

means a schedule prepared in connection with a Shared SVA Meter Arrangement in accordance with BSCP 550 which splits the Active Energy measured by the Shared SVA Metering System for each Settlement Period between two or more Suppliers such that the net energy allocation to the Suppliers is equal to such metered Active Energy;

<b>"Relevant Capacity Limit":</b>	means, in connection with a Shared SVA Metering System, the prevailing estimate notified from time to time pursuant to Section K2.5.5(g);
<b>"Secondary Supplier":</b>	means, in connection with a Shared SVA Meter Arrangement, a Supplier which is not the Primary Supplier;
<b>"Shared SVA Meter Arrangement":</b>	means an arrangement in accordance with Section K2.5.1 under which there is a single SVA Metering System, comprising Half Hourly Metering Equipment, for Exports or (as the case may be) Imports for which two or more Suppliers are responsible;

*Table X-4 of Annex X-2*

a	refers to a Data Aggregator or, as the context may require in paragraph 3.5 of Annex S-2, to a Data Aggregator appointed by a Primary Supplier against a Primary SVA Metering System Number and a Data Aggregator appointed by an associated Secondary Supplier against a Secondary SVA Metering System Number;
a1	refers to a Data Aggregator appointed by a Primary Supplier against a Primary SVA Metering System Number K1;
a1.1	refers to a Data Aggregator appointed by a Primary Supplier against a Primary SVA Metering System Number K1.1;
an	refers to a Data Aggregator appointed by a Secondary Supplier against a Secondary SVA Metering System Number Kn;
an.1	refers to a Data Aggregator appointed by a Secondary Supplier against a Secondary SVA Metering System Number Kn.1;
K1.1	refers to the "virtual" Primary SVA Metering System Number where Section K2.5.4(c)(ii) applies to the Primary Supplier;
Kn	refers to a Secondary SVA Metering System Number;
Kn.1	refers to the "virtual" Secondary SVA Metering System Number where Section K2.5.4(c)(ii) applies to the Secondary Supplier;
Z	refers to a Supplier or, as the context may require in paragraph 3.5 of Annex S-2, to the Suppliers acting in the capacity of Primary Supplier and associated Secondary Supplier(s) in respect of a particular Shared SVA Metering System;

Zn refers to a Supplier acting in the capacity of Secondary Supplier in respect of a Shared SVA Metering System.

Table X-6 of Annex X-2

Expression	Acronym	Units	Definition
Consumption Component Class			<p>A classification of half hourly Consumption which comprises one element from each of the following categories as shown in Table X-8:</p> <ul style="list-style-type: none"> <li>• metered or unmetered;</li> <li>• consumption or SVA generation;</li> <li>• SVA Metering System with or without Metering System specific line losses (but a SVA Metering System without Metering System specific line losses can only be combined with unmetered Consumption);</li> <li>• Consumption without line losses or line losses;</li> <li>• based on actual or estimated half hourly; or</li> <li>• based on Annualised Advance or Estimated Annual Consumption.</li> </ul>
Primary Supplier's Metering System Metered Consumption	PSMMC <sub>Z1a1K1j</sub> or (where applicable) PSMMC <sub>Z1a1.1K1.j</sub>	kWh	The half hourly metered Consumption for a Primary SVA Metering System Number determined pursuant to paragraph 3.5 of Annex S-2.
Shared Suppliers' Metering System Metered Consumption	SHMMC <sub>ZaKj</sub>	kWh	The half hourly metered Consumption for a SVA Metering System which measures Active Energy that is allocated between a Primary Supplier and the associated Secondary Supplier(s) and which half hourly consumption is determined pursuant to paragraph 3.5 of Annex S-2.
Secondary Supplier's Metering System Metered Consumption	SSMMC <sub>ZnanKnj</sub> or (where applicable) SSMMC <sub>Znan.1K1.j</sub>	kWh	The half hourly metered Consumption for a Secondary SVA Metering System Number determined pursuant to paragraph 3.5 of Annex S-2.

<b>Expression</b>	<b>Acronym</b>	<b>Units</b>	<b>Definition</b>
	n.lj		

*Table X-7 of Annex X-2*

<b>Acronym</b>	<b>Corresponding Defined Term or Expression</b>
PSMMC <sub>Z1a1K1j</sub>	Primary Supplier's Metering System Metered Consumption for Secondary SVA Metering System Number K1
PSMMC <sub>Z1a1.1K1.1j</sub>	Primary Supplier's Metering System Metered Consumption for Secondary SVA Metering System Number K1.1
SHSMC <sub>ZaKj</sub>	Shared Suppliers' Metering System Metered Consumption
SSMMC <sub>ZnanKnj</sub>	Secondary Supplier's Metering System Metered Consumption for Secondary SVA Metering System Number Kn
SSMMC <sub>Znan.1Kn.1j</sub>	Secondary Supplier's Metering System Metered Consumption for Secondary SVA Metering System Number Kn.1