

February 2002

**INTERIM REPORT TO THE BSC PANEL  
URGENT MODIFICATION PROPOSAL P57**

**Amendment to the BSC failing Supplier process to allow a Legal  
Entity to have two Party Ids for a short period**

**Prepared by ELEXON on behalf of the Balancing and Settlement Code  
Panel**

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<b>Author</b>	ELEXON Trading

## I DOCUMENT CONTROL

### a Authorities

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0.1	06/02/02	/ELEXON Trading		Initial Draft for Modification Group Review
1.0	08/02/02	E/EXON Trading		Final version for Panel

Version	Date	Reviewer	Signature	Responsibility
0.1	06/02/02	Trading Strategy		

### 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 Related Documents

Reference 1	Urgent Modification Report - Modification Proposal P57: Amendment To BSC Failing Supplier Process To Allow A Legal Entity To Have Two Party Ids For A Short Period (P57_UMR)
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## **1 SUMMARY AND RECOMMENDATIONS**

### **1.1 Recommendation**

On the basis of the analysis and consultations undertaken in respect of Modification Proposal P57, and the resultant findings of this report, the Modification Group recommends that the Panel:

- a. NOTE the interim report for Modification Proposal P57 and the recommendations of the Modification Group;**
- b. ENDORSE the recommendation of the Modification Group that Modification Proposal P57 should be rejected;**
- c. CONSULT with the authority as to whether the Authority would like legal text for the Modification Proposal to be commissioned; and**
- d. AGREE that a draft Urgent Modification Report be prepared and issued for consultation. This report will be submitted to the Panel Meeting on the 14 March 2002.**

### **1.2 Background**

P57 was raised as an Urgent Modification pursuant to BSC F2.9 on 03 December 2001, and a copy of the Modification Proposal is attached in Annex 1. The proposer, British Gas Trading (BGT), did not feel the existing provisions of the Code were sufficient to deal with an emergency trade sale or appointment of Supplier of Last Resort (SoLR) in the event of a Failing Supplier arising. The Panel decided that the Modification Proposal should be treated as an Urgent Modification on 03 December 2001, however, the proposer made further representations to the Panel that the need for urgency had reduced. The Panel subsequently agreed on 13 December 2001 that there was no longer a requirement to expedite the Modification Proposal any quicker than the normal Definition and Assessment Procedures, but P57 should still be treated as an urgent modification.

P57 sought to allow a Replacement Supplier to adopt the failing Supplier's Party Id. This would result in the Replacement Supplier having 2 Party Ids, with the failing Supplier having to be issued with a new Party Id (see Section 3).

A Modifications Group was established and following an initial set of deliberations by the Group, a consultation document was issued. Analysis of the Balancing and Settlement Code (the Code) was carried out subsequent to the consultation. The second meeting of the Modification Group considered two main areas of analysis; (i) the responses to the consultation and (ii) the impact on the Code and BSC Systems that arose from the review of the Code.

### **1.3 Rationale for Recommendations**

The Group undertook a full assessment of P57 and reached a conclusion as to whether the Modification better achieved the applicable BSC Objectives. The Modification Group concluded on matters relating to rejection of the proposal.

After a comparison of the proposed process in P57 (Fig. 1a) with the current process (Fig. 1b) in place for an emergency trade sale or Supplier of Last Resort (SoLR), it was agreed

that the P57 did not better facilitate the Applicable BSC Objectives. The rationale for this recommendation is that P57 would require a longer timescale to complete all the actions required, for instance, transfer of Party Id followed by a Change of BM Unit Ownership (COBO) for unaffected BM Units back to the failing Supplier. The Group identified a further step to the P57 process. The Replacement Supplier would need to convert back to using their original Party Id before the transitional period expired. Therefore, the Replacement Supplier would have to carry out a COBO or change of Supplier process to register all BM Units under their original Party Id.

Finally, it was also recognised that the introduction of the P57 would require significant development of BSC Systems, particularly given that these systems, like the BSC itself were all developed on the basis that there would only ever be one identifier per Party.

The Group also concluded that the final consultation should invite further views on the proposal, in the light of the Modification Group's conclusions. The rationale behind this is that the consultation responses from the 21 January 2002 favoured the approval of P57. However, subsequent analysis of BSC rights and obligations highlighted a large number of complexities that were not included within the initial consultation.

## 2 INTRODUCTION

This Interim Report has been prepared by ELEXON Ltd, on behalf of the Modifications Group for P57, in accordance with the terms 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 BSC.

This Modification Report is addressed and furnished to the BSC Panel and none of the facts, opinions or statements contained herein may be relied upon by any other person.

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

### 3 MODIFICATION GROUP

The membership of the Group was as follows:

<b>Name</b>	<b>Organisation</b>
Peter Davies / Justin Andrews	ELEXON (Chairman)
Helen Bray / Jason Brogden / Richard Humphreys	ELEXON
David Hicks	Central Services Provider
Simon Hadlington / Rob Cullender / Danielle Lane	British Gas Trading
Bob Brown	St Clements
Richard Harrison	Npower
Paul Jones	Powergen
Neil Magill	Scottish Power
Chris Pooley	Campbell Carr
Phil Russell	TXU
Clare Talbot	NGC
Paul Chesterman	London
Jerome Williams / Patrick Smart / Catherine Monaghan	Ofgem

Modification Group meetings were held as follows:

<b>Date</b>	<b>Number in Attendance</b>
08 January 2002	14
30 January 2002	11

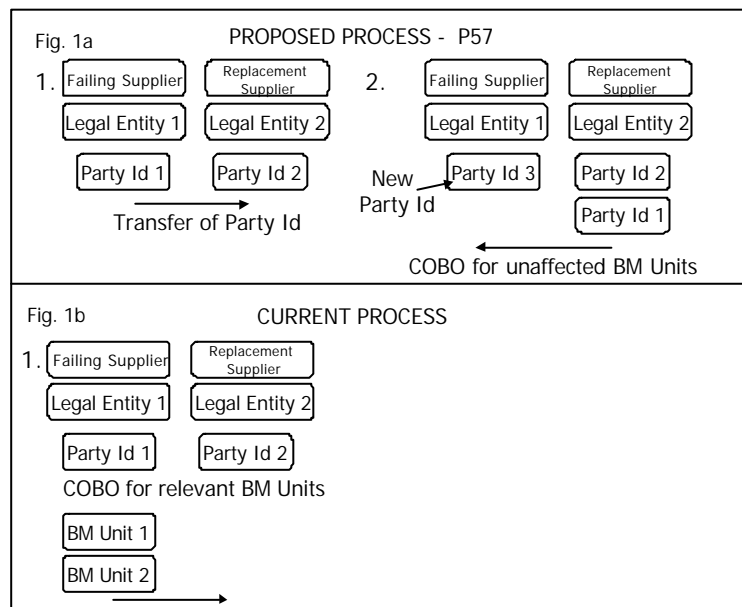
## 4 DESCRIPTION OF PROPOSED MODIFICATION

### 4.1 Proposed Process

The BSC Failing Supplier Process is defined in Section K paragraph 7 of the Balancing and Settlement Code (the Code). This section makes provisions for the appointment of a Replacement Supplier in the circumstances of a Supplier of Last Resort (SoLR) direction from the Authority or an emergency trade sale. The Failing Supplier process allows the Replacement Supplier to assume ownership of the Affected BM Units of the Failing Supplier.

P57 suggests a process to allow a Replacement Supplier to continue to operate the assets of the Failing Supplier by transferring the ownership of the Failing Supplier's Party Id to the Replacement Supplier. This would allow the Replacement Supplier to have 2 Party Ids; their original Party Id and the Party Id of the failing Supplier (Fig. 1a).

This arrangement only allows the complete and total transfer of all BM Units as well as all liabilities and obligations accrued against the Failing Supplier Party Id. However, if a trade sale does not involve the purchase of all of the Party's liabilities and assets (e.g BM Units) then a process is required to allow those liabilities and entitlements to be transferred back to the Failing Supplier. The Party Id of the Failing Supplier will have been transferred to the Replacement Supplier, therefore the Failing Supplier will then need to be allocated a new Party Id. Any unaffected BM Units will be transferred to the new Party Id of the Failing Supplier by a Change of BM Unit Ownership (COBO).



P57 proposes a transitional period of three months for a Replacement Supplier to have the old Party Id of the Failing Supplier. The implications of this transitional period is that the Replacement Supplier will have to execute a COBO or Change of Supplier process during the transitional period so that that all BM Units are registered under the Replacement Supplier's original Party Id.



## 4.2 Current Process

The failing Supplier Process in Section K7 of the Code describes the transfer of Supplier assets only in a SoLR or emergency trade sale. The Failing Supplier Process does not include non-Supplier assets, for example Generator or Interconnector BM Units (see 4.2.1). If the Replacement Supplier anticipates purchasing other assets from the Failing Supplier, then the transfer of non-Supplier assets would be completed by the standard COBO process (see 4.2.2).

### 4.2.1 Failing Supplier Process (Supplier assets only)

In the Failing Supplier process currently defined in the Code, the responsibility for the imports and exports comprised in Affected BM Units are transferred from the Failing Supplier to the Replacement Supplier. This occurs via a robust two-stage process:

- On a specific day, by means of a COBO, the Replacement Supplier is treated as the registrant of the metering system; and
- Subsequent registration of the Replacement Supplier as the registrant of the metering systems occurs within a three month period.

The BSC Failing Supplier Process will re-allocate the Failing Supplier's Affected BM Units (i.e. those that are the subject of the last resort direction or trade sale) by changing ownership of the relevant BM Units from the Failing Supplier to the Replacement Supplier. This process is carried out without changes made to BM Unit configurations, and allows the Replacement Supplier to become responsible for the liabilities of the Failing Supplier. It must be pointed out that this process can only be triggered in a distressed trade sale, not in a commercial sale or acquisition made in normal operations, where the reallocation of customers from one Supplier to another would be via the normal change of Supplier process.

### 4.2.2 Change of BM Unit Ownership (COBO)

The Failing Supplier process explicitly excludes non-Supplier assets, therefore any change of ownership of these assets must be executed by a standard COBO process. A COBO is covered by the de-registration of the BM Unit from the existing Party, in this case the Failing Supplier, and the subsequent re-registration of the BM Unit by the new Party (Replacement Supplier). COBO includes a number of processes to enable the Transmission Company to update their registration details to ensure that the new Lead Party (Replacement Supplier) can submit Final Physical Notifications (FPNs), and complete the BM Unit registration in the BSC Systems.

The Modification Group pointed out that a COBO for non-Supplier assets could take up to 30 days. However, the BSC Procedure allows for this timescale to be reduced, with the agreement of all affected Parties and, in urgent situations, this process has previously been executed in a transfer period of 1 Business Day in the Failing Supplier Process.

## **5 DETAIL OF MODIFICATION PROCEDURE AND TIMETABLE FOLLOWED TO DATE**

### **5.1 Statement of Urgency**

Section F2.9 of the Balancing and Settlement Code makes provision for Proposals to be treated as Urgent Modification Proposals upon the recommendation of the Transmission Company and BSCCo.

In considering the Proposer's request that this Proposal be afforded urgent status the Panel took account of the prevailing situation. Two companies within the Enron group, which are signatories to the Code, had gone into Administration in the UK and a buyer was being sought for a further Enron subsidiary, Enron Direct Ltd, which is also a BSC Party and a supplier to about 167,000 industrial and commercial customers. Under these circumstances the Panel agreed (03 December 2001) that such a proposal should be treated as an Urgent Modification Proposal.

### **5.2 Procedure and Timetable**

At the Panel meeting on 13 December 2001 the Proposer stated that the urgency for the Proposal had reduced. Therefore the Panel agreed that P57 be progressed on a less urgent timetable, (see Urgent Modification Report (Reference 1)). A timetable was submitted for approval with the Authority, and the key steps that have been adopted in progressing the Urgent Modification Proposal are as follows:

- (i) The Modification Group held their first meeting on 08 January 2002 and a consultation document was issued on 21 January 2002;
- (ii) A second meeting of the Modification Group was held on 30 January 2002 to assess the consultation responses, review further analysis of the Code and impacts on BSC Systems, and make a recommendation to the BSC Panel on the most appropriate way forward;
- (iii) Draft Interim Report to be submitted to the Panel meeting 14th February 2002;
- (iv) Consultation on the draft Urgent Modification Report; and
- (v) Draft Urgent Modification Report to be submitted to the Panel meeting 14th March 2002.

## **6 ANALYSIS LEADING TO THE 21 JANUARY 2002 CONSULTATION DOCUMENT**

This section sets down the analysis undertaken by the Modifications Group on 08 January 2002 in deciding the approach to be taken in the 21 January 2002 consultation document.

This Modification Group meeting assumed that P57 would not require any major BSC Systems changes. Following further analysis this assumption proved to be incorrect (see Section 8.1).

### **6.1 Issues Raised at the Modification Group 08 January 2002**

The Modification Group recognised that there were a number of issues to take into consideration.

- i) The implementation of P57 into the Code will be complex as Party Id is not defined in the Code. Therefore an extensive review of the Code will need to be completed. The Code does not recognise what rights and obligations are related to Party Id as the Code refers to Party throughout. The rights and obligations that could be transferred under Party Id have to be assessed in terms of what should be capable of transfer, as well as in terms of what would be possible to transfer within the current constraints of the BSC Systems;
- ii) Section K7 of the Code details the requirements of the failing Supplier process and the transfer of Supplier assets. The transfer of Party Id could include the transfer of non-Supplier assets, for example, Generator BM Units or Interconnector BM Units. The original Modification Proposal would allow non-Supplier assets to be transferred extending the boundaries of what can be achieved from Section K7 of the Code. The Modification proposes a whole new set of processes to allow the transfer of all the assets associated with Party Id and represents an extension and a change to the Code;
- iii) Once a Party is allowed to have more than 1 Party Id they would be allowed to have more than 2 Energy Accounts, which is not permitted by the Code in Section A1.4. There may need to be explicit changes to the Code to allow a Party to operate more than two Energy Accounts. Furthermore, Parties need to be consulted to determine the impact on a Party if another Party is allowed to have extra Energy Accounts, for instance, checking of other Parties' Residual Cashflow Reallocation Cashflow (RCRC) calculations and arbitrage issues;
- iv) Impact on Funds Administration Agent (FAA). It was noted that if a Party Id was transferred, there would be a requirement to separate Reconciliation liabilities relating to the failing Supplier from the Replacement Supplier. Unfortunately, BSC Systems are not date based and no information could be stored on the dates of ownership for a specific Party Id. Therefore, to be able to separate out Reconciliation liabilities automatically represents a significant impact on FAA;
- v) Further to point (iv) P57 may impact more than just the FAA, for example, the Energy Contract Volume Aggregation Agent (ECVAA) may also be impacted. If a Party is allowed to have more than 1 Party Id this will change the one-to-one relationship. An Impact Assessment needs to be carried out to determine the costs and time needed to implement any changes to BSC Systems;

- vi) P57 stated that a Party should be allowed to hold 2 Party Ids for a short defined period. If the situation arose when a Party was involved in more than once Replacement Supplier process within a three-month period then there will be a requirement for a party to have more than 2 Party Ids. An alternative Modification was proposed by the Modification Group whereby a Party could have multiple Party Ids at any point in time, but that none of the transferred additional Party Ids should be effective for more than a three-month period; and
- vii) The original Modification Proposal stated the requirement for a Party to have 2 Party Ids for a short period of three months. The Modification Group agreed with the period of three months as it will allow ample time to register metering systems and is the same timescale as the current obligations for the failing Supplier process in Section K7.6 of the Code.

In summary there were no objections to the Modification Proposal and the Modification Group supported the progression of this Modification to the interim report phase.

## **6.2 Further Issues**

Following legal and financial advice, ELEXON identified further issues that require consultation:

- i) When a Party has more than one Party Id would they be assessed for credit purposes in respect of each Party Id? The implications of the transfer of Party Id on the credit arrangements and what rules are needed require further consideration;
- ii) The proposed Modification would only work where there is a single Replacement Supplier in a SoLR or emergency trade sale; and
- iii) SoLR is a mandate to transfer customers of a failing Supplier to a SoLR. It does not mandate transfer of non-Supplier assets. Therefore, P57 will work when only Supplier assets are associated with the failing Supplier.

## **6.3 Points to note**

In addition to the above issues that need to be resolved during the assessment of P57, there were also several points raised by the Modification Group that are detailed below.

- i) The transfer of MVRNs and ECVNs would be affected if Party Id was to be transferred from the failing Supplier to the Replacement Supplier. By transferring Party Id both MVRNA and ECVNA Authorisations would be transferred.

## **6.4 Consultation Document**

Parties were invited to comment on the Modification Proposal P57 as proposed. Furthermore, Parties were requested to provide comments on the underlying principle to P57 and the issues raised by the Modification Group as set out in the consultation questions (see Section 7 and Annex 2).

## 7 SUMMARY OF REPRESENTATIONS

### 7.1 Summary of Responses to 21 January 2002 Consultation

The result of the consultation is as follows:

- 7 respondents (31 Parties) agreed with P57. However, 3 respondents (6 Parties) did comment that further analysis was required before a final conclusion could be reached;
- 1 respondent (9 Parties) did not support the Modification; and
- 1 respondent (1 Party) had no comments on P57.

This summary was presented to the Modification Group at the meeting on 30 January 2002 (see Annex 2 for a summary table and Annex 3 contains full responses).

The majority of respondents were in favour of P57 and it was regarded as being a practical and fast method whereas the current process was believed to take too long. There were comments, however, that stated that the solution must be low cost to meet the Applicable BSC Objectives, and before the proposal could be approved a legal review of the Code and cost assessments should be completed. The only respondent against the Modification stated that P57 could be achieved following the current process, i.e. Failing Supplier Process and Change of BM Unit Ownership (COBO) (see 4.2). Five Respondents agreed that non-Supplier assets should be included in P57, whereas 3 respondents stated the opposite. It was added that there should be a review of COBO timescales and that the transfer of non-Supplier assets should be included in a different Modification Proposal.

The majority of respondents stated that there would be no affect on their operations if Parties were allowed to have extra Energy Accounts. However, if this was to occur then all other Parties should be notified.

Respondents believed that it was better to leave Reconciliation liabilities outside the scope of P57 as the Failing Supplier and Replacement Supplier should deal with this matter between themselves.

The Panel was regarded as being the most appropriate body to exercise discretion. A few respondents suggested that the Authority could act as an appeal route. Three respondents suggested that no discretion should be exercised.

The majority of respondents agreed that the proposal should allow a Party to have multiple Party Ids as opposed to just 2. In addition, the transitional period of 3 months in which a Replacement Supplier is allowed to have an extra Party Id is reasonable, and there should be an option to extend this period if required.

The respondents did not state many different rights and liabilities that should be transferred with Party Id. It was felt that maybe more consultation time or discussion at the Modification Group will elucidate which rights and obligations should be transferred under Party Id.

## **8 MODIFICATION GROUP RECOMMENDATIONS 30 JANUARY 2002**

A Modification Group meeting was held to review the consultation responses, analysis of the Code, and impacts on BSC Systems. Therefore, the second Modification Group meeting on 30 January 2002 had allowed time for a greater understanding of the impact of P57 on the Code and BSC Systems and how this proposal would facilitate the Applicable BSC Objectives listed below.

The Applicable Code Objectives are set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:

- a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- b) The efficient, economic and co-ordinated operation by the Transmission Company of the 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; and
- d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

### **8.1 Code Analysis and BSC Systems Assessment**

A review of the relevant Party related rights and obligations that would need to be considered under a Party Id transfer was undertaken by the Modification Group and is summarised in Annex 4. The following key points emerged:

- i) In order to complete the Code review in a short timescale a number of assumptions were stated in the document (see 1.2). For instance Sections C, E, F, W and X were assumed not to be impacted by P57. Further consideration by the Modification Group suggested that Section W: Trading Queries and Trading Disputes, may require analysis because rights and obligations under this section could be affected by P57;
- ii) Section A - Parties and Participation. This Sections states that each Party shall hold two Energy Accounts, one Production Energy Account and one Consumption Energy Account. P57 will require a change to this relationship, and the Modification Group commented that changing this relationship would impact on other Sections of the Code requiring a change to the legal drafting;
- iii) Section B - The Panel. Each Party is entitled to one vote to appoint Panel members, and this vote is linked to the assumption that there is one Party Id per Party. If a Party was to have multiple Party Ids they would have the right to more than one vote. Also if the Failing Supplier's Party Id was transferred they would have to be issued with a new Party Id to ensure that they had the right to vote. There would be a requirement to store a manual record of Parties with multiple Party Ids to ensure that votes were allocated in the ratio of one vote per Party;
- iv) Section D - BSC Cost Recovery and Participation Charges. ELEXON confirmed that if a failing Supplier's Party Id was transferred to the Replacement Supplier there would be BSC Systems requirements to sort out the standing monthly charges for each Party as well as the reallocation of entitlements (1998 Programme, Pool NETA Costs);

- v) Section H - General. Section H of the Code deals general matters such as confidentiality and intellectual property, and these rights and obligations would not be transferred with Party Id. In addition, Section 3.1.1 details the events of Default in relation to a Party and does not take into account that a Party may have multiple Party Ids. If P57 was implemented a Party would need to be assessed on all their Party Ids and this may impact on BSC Systems. Also manual records would be required to track Replacement Suppliers with multiple Ids and the new Party Ids allocated to the Failing Suppliers;
- vi) Section K: Classification and Registration of Metering Systems and BM Units, in particular Section K1.2.5. The issue of a Connection Agreement was discussed and the conditions under which it would transfer need to be determined. There is a Code obligation to check the Connection Agreement. There may be a requirement to ask NGC or Distribution businesses if a change of Party Id in BSC Systems could have an impact on their systems. NGC and Distribution businesses also require information on dataflows that will be altered due to the transfer of Party Id;
- vii) Section K7: Failing Supplier Process. Once Party Id is transferred to the Replacement Supplier there would then be a requirement for a 'backwards' COBO on the BM Units that are to remain under the failing Supplier (see Fig 1a - proposed process). The proposed process for P57 did not appear to offer any net benefit when compared to the current process, which is only a one-step process (Fig. 1b). Therefore, P57 with regard to this issue did not meet any of the Applicable BSC Objectives;
- viii) Section M: Credit Cover and Credit Default. Letters of Credit are issued by banks to legal entities, which in the electricity trading arrangements equates to the Party name, but in the BSC systems credit is related to Party Id. Credit Cover Percentages (CCPs) are reviewed every half-hour in ECVAAs against each Party Id. If the Replacement Supplier was to have 2 Party Ids, the Party would be required to allocate their LoC over 2 Party Ids. To calculate the Credit Cover Percentage (CCP), the indebtedness would need to be summed for both Party Ids. This requires a BSC System change, as ECVAAs cannot sum indebtedness for a number of Party Ids under one Party. The Modifications Group decided that automating this process represented a major impact on BSC Systems. Furthermore, it would not be advisable to use a manual process as ECVAAs carry out a credit check every half-hour. It is essential to have a robust automated process;
- ix) Section N: Clearing Invoicing and Payment. Bank details relating to the transferred Party Id will need to be updated. There are also FAA systems development issues as liabilities in FAA are allocated on a Party Id basis with all attributes associated with this Party Id. Party Id information is stored in BSC Systems with no effective dates, therefore once the attributes are changed for a Party Id there is no history of the earlier attributes associated with the same Party Id. Section N of the Code also deals with Reconciliation liabilities and the issue of separating liabilities between the Failing and Replacement Supplier was discussed. The Modification Group concluded that this represented a significant impact on BSC Systems, though it could be possible to intervene and separate out the reconciliation liabilities manually;
- x) Section O: Communications Under the Code. Compliance with the requirements of Section O is recorded against Party Id. Hence, changes in Party Id would need to be tracked;

- xi) Section P: Energy Contract Volumes and Metered Volume Reallocation. Under the existing arrangements, Meter Volume Reallocation Notifications for which the Failing Supplier is the Lead Party of an Affected BM Unit (and associated Authorisations) will not transfer to the Replacement Supplier. However, in respect of each Settlement Period between the Replacement Supplier transfer date and the Appointment date the MVRNA for a Failing Supplier will be treated as relating to the Replacement Supplier. All other Notifications and Authorisations remain unaffected. Under the proposal, however, all Notifications and Authorisations would, in the first instance, be transferred from the Failing Supplier to the Replacement Supplier. Since this is outside the scope of the SoLR and trade sale arrangements, these transfers would need to be reversed. There would be some operational impact from this process;
- xii) Section T: Settlement and Trading Charges. If the Replacement Supplier has more than 2 Energy Accounts, for example four Energy Accounts (2 Production and 2 Consumption), they would be liable to imbalance charges from all four Energy Accounts. An alternative proposal was discussed which would combine the 2 Production Energy Accounts together into one Production Energy Account, as well as combining the 2 Consumption Energy Accounts into one Consumption Energy Account. It was agreed that this would represent a significant BSC Systems impact and would not follow the Applicable BSC Objectives. It was decided that should the Modification Proposal be accepted all extra Energy Accounts should remain separate. This would then be an incentive for the Replacement Supplier to sort out the re-registering of BM Units under the transferred Party ID to avoid extra imbalance charges. Furthermore, it was pointed out that allowing a Party to have extra Energy Accounts represents a fundamental change to the Code that was not contemplated during the drafting; and
- xiii) Section V: Reporting. Reports are Party specific and reallocating information to the appropriate Party Id will need to occur. This just generally reinforces previous remarks that have been made regarding the BSC impacts.

## 8.2 Issues Raised by the Modification Group

After the analysis of the Code, the Modification Group raised a number of issues.

- i) The initial assessments did not include an analysis of how the Replacement Supplier would convert back to using only their original Party Id after the transitional period had elapsed. This could have a large impact on both the Code and BSC Systems and would need further work if the Modification were to be accepted. It was assumed by the Modification Group that a COBO or change of Supplier process would be carried out (see 4.1);
- ii) The Modification Group wished to discuss the processes that are currently in place should an emergency trade sale or SoLR occur. This process is described in Section 3.2, and from experience the process works and is legally robust; and
- iii) What could P57 deliver that the current processes in place could not? It was noted that the driver behind the proposal was that timescales for the COBO process for non-Supplier assets were perceived to be too long for the circumstances of an emergency. It is stated in the BSC Procedure that this can take up to 30 days but can be reduced to 1 day should the situation arise. After further investigation of P57 the Modification Group concluded that the transfer of Party Id could actually take more time than the current processes in place (see Section 4.2). For instance, the



requirement to issue a new Party Id to the Failing Supplier and then carry out a COBO followed by another COBO or change of Supplier process within the transitional period (see Figure 1a and 1b);

### **8.3 Review of Consultation Responses**

The Modification Group noted that the majority of the consultation support P57. However, some responses in favour of P57 did suggest that further assessment work was required to determine P57's impact on the Code and BSC Systems. Subsequent work carried out by ELEXON revealed that P57 presented a number of significant BSC System and Codes changes. Logica agreed that P57 would involve expensive changes to BSC Systems that were not highlighted in the Consultation Document. Therefore, the Modification Group decided that the draft Interim Report should include the recommendation to reject P57. Furthermore, after the February Panel, P57 should be issued for a final consultation with a more comprehensive analysis of the impact of P57.

The impacts on BSC Systems identified by The Modification Group recommended that ELEXON did not incur cost from impact assessments to determine the expense and timescales for implementation for P57. The Modification Group meeting on 30 January 2002 had already shown that P57 would result in significant impacts on BSC Systems.

## **9 CONSIDERATION OF THE WAY FORWARD**

The Modification Group recommended the following next steps:

- Draft Interim Report to include the issues raised at both Modification Group meetings and a description of the current processes in place for an emergency trade sale or SoLR in the event of a failing Supplier. The draft Interim Report should include the recommendation to reject P57 due to the subsequent analysis carried out; and
- Interim Report submitted to the Panel meeting on 14 February 2002.
- No legal drafting to be commissioned during the assessment of P57. If the Panel agrees to recommend that the Modification Proposal should be rejected, the Panel also needs to consult with the Authority as to whether the Authority would like the draft Urgent Modification Report to include such legal text.
- Draft Urgent Modification Report should then be issued for a final consultation.
- Draft Urgent Modification Report submitted to the 14 March 2002 Panel meeting.

**10 FINAL CONSULTATION ARISING FROM MODIFICATION MEETING  
 30 JANUARY 2002**

In light of the Modification Group's further consideration of the implications of the proposal and the Modification Group's conclusions as to the merits of the proposal, the following questions should form the basis of a further consultation:

Q	Issue	
1.	In view of the practical implications of the proposal that the Modification Group have now considered, do you agree with the conclusions of the Modification Group that the proposal does <u>not</u> better achieve the Applicable BSC Objectives and the Panel should recommend rejection of P57?	Yes / No
2.	If you do not agree with the conclusions of the Modification Group, please give reasons as to why and how P57 better achieves the Applicable BSC Objectives.	Reason(s):

## ANNEX 1. COPY OF MODIFICATION PROPOSAL

<b>Modification Proposal</b>	<b>MP No: P57</b> <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by proposer):</i> Amendment To BSC Failing Supplier Process To Allow A Legal Entity To Have Two Party Ids For A Short Period	
<b>Submission Date</b> <i>(mandatory by proposer):</i> 01 December 2001	
<b>Description of Proposed Modification</b> <i>(mandatory by proposer):</i> Amend the BSC to allow a party to have more than one Party ID for a short period in exceptional circumstances (ie. Supplier of Last Resort provisions, termination of User etc.) The period of 3 months is suggested to match in with the current timeframes for meeting BSC requirements in respect of metering arrangements. It is anticipated that Elexon would be responsible for any decision in respect of the application and enforcement of such an option. However, Ofgem could be asked to be the arbiter should BSC parties prefer.	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by proposer):</i> The current rules prevent a party from having more than one id. However, current issues surrounding the future of BSC signatories and the protection of customers following the termination or sale of a party have identified that there are circumstances where the ability to run two ids for a temporary period would be beneficial. The current rules prevent a Party from holding more than one Production Account and more than one Consumption Account. However, current issues surrounding the future of BSC signatories and the protection of customers following the termination or sale of a party have identified that there are circumstances where the ability to run two sets of accounts and identities for a temporary period would be beneficial.	
<b>Impact on Code</b> <i>(optional by proposer):</i> The BSC Failing Supplier Process is defined in Section K paragraph 7 of the Balancing and Settlement Code (the Code) and makes provision for the appointment of a Replacement Supplier in the circumstances of a Supplier of Last Resort direction from the Authority or a trade sale. The process to appoint a Replacement Supplier in the circumstance of a trade sale only allows the Replacement Supplier to assume ownership of the BM Units of the failing Supplier. Without purchasing the company of the failing Supplier, there is no process that allows a Replacement Supplier to continue to operate the assets of the failing Supplier under the legal entity of the Replacement Supplier (i.e. retaining separate Production and Consumption accounts for the BM Units of the failing Supplier within the legal entity of the Replacement Supplier and/or retaining two registration identities to the Replacement Supplier). An amendment to the Code is proposed to allow a Replacement Supplier to operate in this way in the circumstances of a trade sale. It is proposed to amend Section K7 to allow the process described above in the circumstances of a trade sale, as described in Section K7.2.1. It is not currently proposed to allow this process in any other circumstances.	
<b>Impact on Core Industry Documents</b> <i>(optional by proposer):</i>	

<b>Modification Proposal</b>	<b>MP No: P57</b> <i>(mandatory by BSCCo)</i>
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by proposer):</i> A separate database may need to be maintained as part of CRS to ensure that the identities are associated the Replacement Supplier (similar to the facility implemented for the PES Transfer Scheme).	
<b>Impact on other Configurable Items</b> <i>(optional by proposer):</i>	
<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by proposer):</i> The Applicable BSC Objectives are set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows: (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence; (b) The efficient, economic and co-ordinated operation by the Transmission Company of the 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.  We believe all the relevant objectives are affected by circumstances whereby the lack of an ability to provide an effective and timely transfer of customers and responsibilities between parties could be detrimental to the operation of the market. This proposal provides for the quickest possible solution in such circumstances.	
<b>Details of Proposer:</b> <b>Name:</b> Simon Goldring <b>Organisation:</b> British Gas Trading Limited <b>Telephone Number:</b> 01753-758051 <b>Email Address:</b> Simon.Goldring@Centrica.co.uk	
<b>Details of Proposer's Representative:</b> <b>Name:</b> Simon Hadlington <b>Organisation:</b> British Gas Trading Limited <b>Telephone Number:</b> 01753- 758056 <b>Email Address:</b> Simon.hadlington@Centrica.co.uk	

<b>Modification Proposal</b>	<b>MP No: P57</b> <i>(mandatory by BSCCo)</i>
<b>Details of Representative's Alternate:</b> <p style="margin-left: 40px;"><b>Name:</b> n/a</p> <p style="margin-left: 40px;"><b>Organisation:</b></p> <p style="margin-left: 40px;"><b>Telephone Number:</b></p> <p style="margin-left: 40px;"><b>Email Address:</b></p>	
<b>Attachments: NO</b> <b>If Yes, Title and No. of Pages of Each Attachment:</b>	

**ANNEX 2. MATRIX OF REPONSES TO 21 JANUARY 2002 CONSULTATION**

No	Company	Agree with Principle	Agree with transfer of non-Supplier Assets	Any Impacts from extra Energy Accounts	Without Reconciliation liabilities	Body to exercise discretion?	No discretion?	More than 1 Party Id?	3 months transitional Period?	Views on rights and liabilities to be transferred	P57 still necessary if P60 is implemented
1.	TXU	Yes	Yes	No	Yes	Party	Yes	Yes	Possibly	ECVNs & MVRNs	Yes
2.	SEEBOARD	Yes	More information needed	Yes	Yes	Panel	No	Yes	Yes	Flexible solution required	Not sure
3.	Scottish and Southern Energy plc	Yes	Yes	Yes	Yes	Ofgem	N/A	Yes	Yes with extensions allowed	No	Yes
4.	London Electricity Group	Yes	Yes	No	Yes	Panel	N/A	Yes	Yes	Discuss at Modification Group	Discuss at Modification Group
5.	ScottishPower	No Comments	No Comments	No Comments	No Comments	No Comments	No Comments	No Comments	No Comments	No Comments	No Comments
6.	Powergen	Yes, tentatively	No	No	No	Panel and Ofgem	No	Yes, tentatively	Yes	All considered	No view
7.	British Gas Trading	Yes	Yes	No	Yes	Ofgem or Panel	Yes	Yes	Yes	Replacement Supplier should determine them	Yes

No	Company	Agree with Principle	Agree with transfer of non-Supplier Assets	Any Impacts from extra Energy Accounts	Without Reconciliation liabilities	Body to exercise discretion?	No discretion?	More than 1 Party Id?	3 months transitional Period?	Views on rights and liabilities to be transferred	P57 still necessary if P60 is implemented
8.	Innogy plc	No	Yes in another Modification Proposal	Yes	No	Panel and Ofgem	No	No comment	No	All transferred	No
9.	British Energy	Yes	Yes	No	Yes	ELEXON or Panel	Yes	Yes	Yes	None at this time	Yes



### **ANNEX 3. REPRESENTATIONS FROM 21 JANUARY 2002 CONSULTATION**

#### **Responses from P57 Urgent Modification Report Consultation No. 3** Consultation issued 21 January 2002

Representations were received from the following parties:

<b>No</b>	<b>Company</b>	<b>File Number</b>	<b>No. of Parties Represented</b>
1.	TXU	P57_UMR3_001	13
2.	SEEBOARD	P57_UMR3_002	2
3.	Scottish and Southern Energy plc	P57_UMR3_003	4
4.	London Electricity Group	P57_UMR3_004	4
5.	ScottishPower	P57_UMR3_005	1
6.	Powergen	P57_UMR3_006	1
7.	British Gas Trading	P57_UMR3_007	4
8.	Innogy plc	P57_UMR3_008	9
9.	British Energy	P57_UMR3_009	3

**P57\_UMR3\_001 – TXU**

P57 Consultation Questions

Q	Issue		Rationale
1.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes	It is the most practical method of achieving “instant registration” of any BM Unit. As this issue only arises in the case of a failing entity, speed of implementation is of the essence
2.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale? <i>Refer to 4.2</i>	Yes	Trade Sale may include assets additional to the “Supplier” ones.
3.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts? <i>Refer to 4.3</i>	No	
4.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	Yes	Experience suggests that Trade Sales are done from a specific date and excludes assets or liabilities arising before such date.
5.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		The Party that is acquiring the assets. In practical terms we believe that trying to align Panel or Ofgem approval to coincide with the “start date” will be almost impossible.
	(a) Or should no discretion be exercised?	Yes	See above.
6.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids? <i>Refer to 4.6</i>	Yes	We hope this will not be used but it would seem sensible to do legal drafting on this basis.
7.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Possibly	Does it actually matter how long the Party ID is kept ?
8.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal? <i>(Please detail) Refer to 4.8 &amp; 4.10</i>		Not specifically but see related issue below.

9.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation? <i>Refer to 7.1</i>	Yes	57 would cover non Supplier BM Units.
10.	Bearing in mind the issues presented above are there any further comments?	Additional Comments See below.	

The issue appears to relate to a Trade Sale in circumstances where the “assets” are sold rather than the company. As far as the BSC is concerned this amounts to becoming the registrant of relevant BM Units.

In using the Party all BM Units (rather than just Supplier BM Units) could be taken over – would Replacement Party be a more useful description?

We do not understand the reference to the affect of the Party having 2 Production and 2 Consumption accounts – further explanation as to why this matters seems necessary.

We agree that there would be an impact on the FAA, but it is not obvious what impact there is on the ECVAA or why it should matter that 2 different Party Ids have the same name but the Impact Assessments will elucidate this.

It is not clear why the Party can use an ECVN but not an MVRN – they both require prior authorisation of the ECVNA or MVRNA and both the ECVN and MVRN have to be submitted before Gate Closure? The key point appears to be the MVRNA or ECVNA Authorisation process.

How long does it take for ECVAA to send out the keys and the party to input them into their own systems and generate the ECVN or MVRN – if this can be done between the Trade Sale notice being sent and Gate Closure for 00:00, then either should be feasible. The most practical issue is getting the ECVNA or MVRNA Forms signed. If the Authorised Persons for the acquiring Party are deemed to be Authorised Persons for the failing Party this might just work ?

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### **P57\_UMR\_002 – SEEBOARD**

Attached document details an initial response on behalf of SEEBOARD Energy Limited and SEEBOARD Power Networks plc. As discussed with Helen Bray, via email, we have two people who want to provide comments to this consultation but are unable to do so until Monday morning. If these make a material difference to our response we will be sending an update on Monday afternoon.

Dave Morton  
SEEBOARD  
0190 328 3465

#### Consultation Questions

Q	Issue		Rationale
11.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one</b>	<b>Yes</b>	<b>In circumstances such as these the priority should be to find a practical, low cost</b>

	<b>Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>		<b>solution.</b>
12.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale?  <i>Refer to 4.2</i>		<b>Without further background information it would appear unnecessarily prescriptive to make the transfer of any non-Supplier assets mandatory. A flexible, practical solution is what is required.</b>
13.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts?  <i>Refer to 4.3</i>	<b>Yes</b>	<b>The impact on SEEBOARD would not be large. We would support this proposal so long as the extra energy accounts are only allowed for a transition period only of, say, 3 months.</b>
14.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities?  <i>Refer to 4.4</i>	<b>Yes</b>	
15.	Who is the appropriate body to exercise discretion? (Please give reasons)  <i>Refer to 3.2</i>		<b>BSC Panel. They have the widest coverage to ensure customers are not disadvantaged and that competition is not compromised.</b>
	(b) Or should no discretion be exercised?	<b>No</b>	<b>Discretion must be allowed. Scenarios can always arise that were not envisaged when the "rules" were drafted.</b>
16.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids?  <i>Refer to 4.6</i>	<b>Yes</b>	<b>More than 1 is a more robust solution than a limit of 2. This would, therefore, be preferable unless there are additional system impacts that significantly increase costs or complexity.</b>
17.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id?  <i>Refer to 4.7</i>	<b>Yes</b>	
18.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal?  (Please detail) <i>Refer to 4.8 &amp; 4.10</i>		<b>A flexible and practical solution is what the industry needs.</b>

19.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation?  <i>Refer to 7.1</i>	<b>Not Sure</b>	
20.	Bearing in mind the issues presented above are there any further comments?	Additional Comments	

**P57\_UMR3\_003 – Scottish and Southern Energy plc**

This response is sent on behalf of Scottish and Southern Energy plc, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the ten questions listed in your note of 21 January 2002 concerning Modification P57, our comments are as follows:

Q1 Do you agree with the Principle that "The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time."

Yes

Q2 If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale?

Yes

Q3 Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts?

Yes

Q4 Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities?

Yes

Q5 Who is the appropriate body to exercise discretion? (Please give reasons) or should no discretion be exercised?

Ofgem

Q6 Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids?

Permission for a Party to have more than 1 Id should be based on Ofgem approval (see Q5) of each case of a supplier being appointed Replacement Supplier.

Q7 Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id?

Limiting them to a 'life' of three months would be desirable, subject to monthly extensions, by Ofgem, if required due to problems, for example, with the failing Supplier providing effective information etc., to the Replacement Supplier.

Q8 Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal?

No

Q9 Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation?

At this stage it is worth progressing with both, pending further detailed clarification on the implications of each Mod.

Q10 Bearing in mind the issues presented above are there any further comments?

None at this time.

Regards  
Garth Graham  
Scottish & Southern Energy plc

### P57\_UMR3\_004 – London Electricity Group

Issued 21 January 2002, Deadline for responses: 25 January 2002.  
Response from London Electricity Group

#### Consultation Questions

Q	Issue		Rationale
21.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes	We do not think there is a choice. We would wish to see transfer or Registrations done in an orderly manner, so minimising the risk to the integrity of Settlement.
22.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be	Yes	We think that you should be asking if the BSC should make provision for the transfer of non-

	included in a trade sale? <i>Refer to 4.2</i>		Supplier assets. Our initial reaction is "yes", but we would want to see the DLIA.
23.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts? <i>Refer to 4.3</i>	No	None that we can see at present.
24.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	Yes	If this leads to a simpler implementation, then "yes".
25.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		The Panel
	(c) Or should no discretion be exercised?	N/A	
26.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids? <i>Refer to 4.6</i>	Yes	Whilst we are doing the drafting, we should provide for this, although we think it an unlikely occurrence.
27.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Yes	We would hope that BGT are making all haste with their preparations in the event that this Modification is approved. It would seem to us that the 3 months is already running out.
28.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal? <i>(Please detail) Refer to 4.8 &amp; 4.10</i>		We would prefer to discuss this at the Modifications Group.
29.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation? <i>Refer to 7.1</i>		It would be very useful if we could find a way to avoid addressing the many and detailed issues in P57. We would want the Modifications Group to address this as a matter of urgency.

30.	Bearing in mind the issues presented above are there any further comments?	Additional Comments
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This response is made on behalf of the following BSC Parties:  
London Electricity plc, SWEB Ltd, Jade Power Generation Ltd and Sutton Bridge Power Ltd.

Paul Chesterman  
for Liz Anderson  
Energy Strategy & Regulation Manager  
London Electricity Group  
25 January 2002

#### P57\_UMR3\_005 – ScottishPower

With reference to the above, please note that we have no comments to make at this stage.

Regards  
Man Kwong Liu  
Design Authority, Deregulation Services  
Calanais Ltd. for ScottishPower/Manweb

External phone: 0141 568 2314  
Internal phone: 700 - 2314  
mailto:mankwong.liu@calanais.com <mailto:mankwong.liu@calanais.com>

#### P57\_UMR3\_006 – Powergen

Consultation Questions: Paul Jones - Powergen

Q	Issue		Rationale
31.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes	Tentatively. Appears a pragmatic way of solving the issue. However, we are keen to see the result of the legal review before making a firm judgement.
32.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale? <i>Refer to 4.2</i>	No	If another party has acquired the generation assets how would this be addressed?



33.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts? <i>Refer to 4.3</i>	No	Unless there is a change to the structure of the ECVAAs files.
34.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	No	Not necessarily, as this depends on what was agreed with a trade sale. The legal review should also ensure that Parties normal rights to seek recovery of amounts due are not prejudiced.
35.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		The Panel, although there should possibly be a right of appeal to the Authority.
	(d) Or should no discretion be exercised?	No	
36.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids? <i>Refer to 4.6</i>	Yes	Yes, again tentatively.
37.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Yes	Consistent with SOLR arrangements.
38.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal? <i>(Please detail) Refer to 4.8 &amp; 4.10</i>		All so that the Party is considered in exactly the same manner as any other Party trading under normal circumstances.
39.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation? <i>Refer to 7.1</i>	Yes / No	No view.
40.	Bearing in mind the issues presented above are there any further comments?	Additional Comments	

**P57\_UMR3\_007 – British Gas Trading**

Consultation Questions

Response on behalf of British Gas, Accord Energy, Centrica King's Lynn and Centrica Peterborough

Q	Issue		Rationale
41.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes / No	Yes  The existing process in both existing BSC systems and the BSC itself has little understanding of the practicalities of an actual trade sale (and SoLR) which could prevent energy accounts being balanced.
42.	If you agree with the Principle in Q1, please state if you agree that the transfer of non-Supplier assets should be included in a trade sale? <i>Refer to 4.2</i>	Yes / No	Yes, if that is agreed by the supplier who is buying the failing supplier.
43.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts? <i>Refer to 4.3</i>	Yes / No	No
44.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	Yes / No	Yes, although it is up to the supplier to decide whether they want to take on the liabilities or not as it may or may not be part of the trade sale.
45.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		Either Ofgem or the Panel.
	(e) Or should no discretion be exercised?	Yes / No	Yes
46.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids? <i>Refer to 4.6</i>	Yes / No	Yes
47.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Yes / No	Yes. This period allows enough time to either move contracts/customers or to set up another legal entity.
48.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on		The transfer of rights and liabilities is a matter for the replacement supplier to

	which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal?  (Please detail) <i>Refer to 4.8 &amp; 4.10</i>		determine.
49.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation?  <i>Refer to 7.1</i>	Yes / No	Yes. P60 addresses a different issue to P57 although both address problems surrounding Replacement Suppliers
50.	Bearing in mind the issues presented above are there any further comments?	Additional Comments	

**P57\_UMR3\_008 – Innogy plc**

P57 Consultation Questions – Response on behalf of Innogy Group (Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited)

Q	Issue		Rationale
51.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes / No	We agree in principle that the BSC should facilitate the acquisition of one BSC Party's assets and liabilities by another BSC Party. However, modifying the Code to overturn the basic principle/assumption in the BSC and Central Systems design of a one-to-one relationship between corporate entity and Party ID is clearly not to be undertaken lightly or hastily. It would appear that the same ends can largely be achieved in the short term by either a Change of BM Unit Ownership or (potentially) a combination of the transfer of the Party ID and all associated liabilities to a separate (new) BSC Party and Metered Volume Reallocation (the choice would depend on the extent of assets/liabilities included in the Trade Sale). Therefore, adoption of such a solution within the

			existing terms of the Code would seem infinitely preferable to wholesale re-writing at this point in time.
52.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale? <i>Refer to 4.2</i>	Yes / No	(See 'additional comments')
53.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts? <i>Refer to 4.3</i>	Yes / <del>No</del>	Potential impact on Trading operations & systems, to include processes to ensure that contracts were notified vs the correct Energy Account (Party ID) for the counter-party.
54.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	Yes / No	If there is any chance of the Modification being implemented, it would seem sensible to address this, since excluding this option would be likely to inhibit a prompt Trade Sale and extend the risk to Trading Parties. However, this is likely to increase the costs of the impact assessment and make the solution more complicated, making it less likely that it can be delivered.
55.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		Given the potential risks in such a situation if any ambiguity is introduced into the clauses relating to settlement liabilities, it would seem sensible to limit any discretion to determining whether a clear set of criteria have been met, which might include legal undertakings of some form. In this case, the Panel would probably be best placed to decide, based on a reasoned recommendation from Elexon – possibly with an appeal route to OFGEM.
	(f) Or should no discretion be exercised?	<del>Yes</del> / No	In the event that this Modification is implemented, it would seem sensible to have a 'control point'. In practice this will exist anyway, since Elexon are likely to be involved with instructing/advising BSC Agents.
56.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party	Yes / No	Unable to comment, as it is not clear what additional complications this might

	Ids? <i>Refer to 4.6</i>		introduce.
57.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Yes / No	Given the potential risks in such a situation if any ambiguity is introduced into the clauses relating to settlement liabilities, it would seem sensible to make this period as short as possible. This should be driven only by any timescale required to set up a new BSC Party and/or carry out a COBO process if necessary (the timescale for the latter could potentially be shortened) and should be independent of any period within which a Replacement Supplier is required to re-register metering systems (which may be removed by Mod Proposal P60 in any case).
58.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal? <i>(Please detail) Refer to 4.8 &amp; 4.10</i>		As far as possible all Rights and Liabilities which relate to Party ID should be transferred, so as to minimise impact on central systems.
59.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation? <i>Refer to 7.1</i>	Yes / No	See response to Q1.
60.	Bearing in mind the issues presented above are there any further comments?	<p>Additional Comments</p> <p>The issue of the inclusion of non-Supplier assets in the Replacement Supplier process ought to be addressed (probably by a separate Modification Proposal), since it is clear that an accelerated process for these would be beneficial. This ought to be considered in conjunction with a review of COBO process timescales, since current lead-times seem quite excessively long and restrictive in situations where operational arrangements are unaffected in practical terms by the transfer and there are appropriate underpinning commercial, BSC and/or other industry code provisions re liabilities.</p>	

**P57\_UMR3\_009 – British Energy**

Please find attached our response to the consultation on Modification Proposal 57 issued on 21 January 2002.

In the time available I have not been able to consider this proposal in depth, but in broad terms it appears to facilitate competition and should be progressed to identify the issues and options more fully.

Martin Mate  
for  
British Energy Power & Energy Trading Ltd  
British Energy Generation Ltd  
Eggborough Power Ltd

Consultation Questions – Response from Martin Mate on behalf of British Energy Power & Energy Trading Ltd, British Energy Generation Ltd & Eggborough Power Ltd, 25/1/02.

In the time available I have not been able to consider this proposal in depth, but in broad terms it appears to facilitate competition and should be progressed to identify the issues and options more fully.

Q	Issue		Rationale
61.	Do you agree with the Principle that <b>“The failing Supplier process should be amended to allow a Replacement Supplier to have more than one Party Id for a short period of time.”</b> <i>Refer to 4.1 &amp; 4.5</i>	Yes	There seems to be no fundamental reason why a Party should be prevented from registering entities under more than one “Party ID”, other than to avoid duplication of certain processes in relation to the party. The additional internal costs incurred by a Party managing multiple Party Ids is likely to deter “unnecessary” use of such a facility, but “per Party ID” charges should be applied to cover BSC costs associated with use of multiple Ids.
62.	If you agree with the Principle in Q1, please state if you are agree that the transfer of non-Supplier assets should be included in a trade sale? <i>Refer to 4.2</i>	Yes	There seems to be no obvious reason why assets not registered in Supplier BM Units should be treated differently.
63.	Would there be any impacts on your operations if other Parties were allowed to have extra Energy Accounts?	No	Provided the situation is fully publicised and visible, and “changes of Party ID ownership”

	<i>Refer to 4.3</i>		do not occur without prior notice.
64.	Do you confirm that the Modification should be addressed without taking on Reconciliation Liabilities? <i>Refer to 4.4</i>	Yes, address without tackling under the BSC the division of reconciliation liabilities between parties to Trade Sale.	It appears implicit that the relationship of Party to Party ID is not a timed one within BSC software, so that an issue exists in respect of inherited payments, liabilities and other obligations. Requiring the BSC Party to which a Party ID is currently registered to handle all matters in relation to the BSC, and the parties to the Trade Sale to handle matters between them according to a bilateral contract represents a pragmatic method of progressing the issue.
65.	Who is the appropriate body to exercise discretion? (Please give reasons) <i>Refer to 3.2</i>		If the situation is publicised and visible and BSC charging is on a per-party ID basis, Elexon. Otherwise BSC Panel.
	(g) Or should no discretion be exercised?	Yes / No	If the situation is publicised and visible and BSC charging is on a per-party ID basis, no discretion seems necessary. Otherwise, discretion should lie with BSC Panel.
66.	Do you agree with the alternative option of a Party being able to hold more than 1 Party Id as opposed to a limit of 2 Party Ids? <i>Refer to 4.6</i>	Yes	There is nothing special about the number 2 in relation to the types of transfers of assets that can be envisaged.
67.	Do you agree with the Period of 3 months to allow a Party to have more than 1 Party Id? <i>Refer to 4.7</i>	Yes / No	Provided the BSC costs associated with holding multiple Party Ids are recovered, there seems little reason to limit the duration of such holding. P60?
68.	Rights and Liabilities for transfer will be identified as part of the Impact Assessment. Do you have any view on which rights and liabilities should (as a matter of policy) be capable of transfer under this Modification Proposal?  (Please detail) <i>Refer to 4.8 &amp; 4.10</i>		None at this time.
69.	Considering the P57 and P60, do you agree that P57 is still necessary if P60 is agreed for implementation? <i>Refer to 7.1</i>	Yes	Proposals P57 and P60 are clearly related. As far as I can tell, P60 is a more specific subset of issues raised under P57, and if P60 were to be implemented, the immediate need for P57 would be removed. However, it seems to raise issues

			of concern for the future.
70.	Bearing in mind the issues presented above are there any further comments?	Additional Comments	None at this time.



## ANNEX 4. AN ANALYSIS OF THE IMPACT OF MODIFICATION PROPOSAL P57 ON PARTY RELATED RIGHTS AND OBLIGATIONS

This information seeks to provide a review of the rights and obligations within the BSC and comments on whether, or not, these rights and obligations may, or should, transfer from a Failing Supplier to a Replacement Supplier. In making this assessment, some consideration as to the consequent system implication has also been included. The rights and obligations described are a summary of the relevant extracts of the BSC intended to assist the Modification Group in its deliberations and must not be regarded as definitive, or comprehensive.

SECTION : A			
CLAUSE	DESCRIPTION	COMMENTS	SYSTEM IMPACT
1.3.1	Parties may adopt a number of participation capacities	Proposal may require there to be a new participation capacity; 'Failing Supplier'. Not essential.	Could be accommodated manually
1.4.1	A Party responsible for imports/exports (or an IEA) at a Boundary Point shall hold two energy accounts	Transfers to Replacement Supplier, in respect of affected Boundary Points. Proposal will require relaxation to allow multiple energy accounts.	Registration and other systems would need to cope with multiple IDs
2	A person may accede to the Framework Agreement, subject to fulfilling certain obligations (eg payment of a fee). Panel may remove Party status if some participation capacity is not exercised	This would apply to both Failing (who would have previously acceded, by definition) and Replacement Suppliers. By definition, both Parties will have fulfilled obligations relating to retaining Party status.	
4.1.1	Parties shall remain registered in CRS.	Both Failing and Replacement Suppliers would retain this obligation. Replacement Supplier would be identified with multiple ID's	
4.4.1	Parties must register change of status	This would fall on the Failing Supplier at the time that such category comes into force. Proposal would require a new ID for the Failing Supplier. Hence there would be a change of registration details.	
5	Parties may exit so long as all liabilities have been closed.	Note that the Panel may expel Parties, subject to certain conditions.	

<b>BSC SECTION : B</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
2.2.1	Trading Parties may appoint up to 5 Panel Members	Replacement Supplier would only have one vote. Failing Supplier would retain one vote	A manual record would need to be kept of Suppliers with multiple IDs
2.9.4	Party waives any liability of an indemnity beneficiary (when acting appropriately under the Code)	Both Suppliers would retain this obligation	
Annex B-1, 1.4	Trading Parties will jointly and severally indemnify all bodies associated with PAB in respect of PAB duties	Both Suppliers would retain this obligation	
Annex B-1, 1.6	Party waives any claims against PAB related bodies	Both Suppliers would retain this obligation	
Annex B-2, 2.1.2	Trading Party may nominate one candidate for Panel membership	Replacement Supplier would only nominate one candidate. Failing Supplier would retain ability to nominate	
Annex B-2, 3.1.2	Trading Party (or group) may submit one voting paper re. Panel member elections	Replacement Supplier would only have one vote. Failing Supplier would retain one vote	

<b>BSC SECTION : D</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.4.2	Annual Funding Shares, as determined, shall be final and binding on Trading Parties	Both Failing Supplier and Replacement Supplier would retain this obligation	
1.4.3	Parties will provide any information, reasonably requested for determination of charges	Both Failing Supplier and Replacement Supplier would retain this obligation	
2.4.1	Party will agree to be bound by any agreement between BSCCo and relevant tax authorities	Both Failing Supplier and Replacement Supplier would retain this obligation	

<b>BSC SECTION : D</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
3.2.1	Parties shall be liable for and will pay Specified BSC Charges	Failing Supplier would retain liabilities accrued prior to Appointment Date	Specified charges would need to be apportioned within the month when transfer took place. This would require Party ID from/to dates.
3.3.1	Parties shall be liable for and will pay any applicable further charges	Failing Supplier would retain liabilities accrued prior to Appointment Date	Further charges would need to be apportioned within the month when transfer took place. Party from/to dates would be needed
4.2.1	Each Trading Party shall be liable to BSCCo for its share of relevant monthly costs, for each month.	Failing Supplier would retain liabilities accrued prior to Appointment Date	Charges would need to be apportioned within the month when transfer took place. Party from/to dates would be needed.
5.1.1	Certain Parties are entitled to repayment of 1998 Programme Costs and Pool NETA Costs	Failing Supplier may retain such entitlements	Some re-registration of these entitlements may be required from old ID of Failing Supplier to new ID.
6.1.1	Each Trading Party shall notify BSCCo of banking details for BSCCo charges	Both Suppliers would retain this obligation	Banking details for old ID and new ID for the Failing Supplier would need to be re-registered.
6.2.1	Each Party shall pay on the due date	Both Suppliers would retain this obligation	
6.3.1	Party shall pay, regardless of any dispute outstanding	Both Suppliers would retain this obligation	
6.4.1	Party shall pay interest on late payments	Both Suppliers would retain this obligation	Interest accrued by Failing Supplier ahead of the transfer would need to be re-allocated to the Failing Supplier new ID

<b>BSC SECTION : D</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
6.5.1	Parties will be liable for sums not paid by a given Party within 15 days.	Both Suppliers would retain this obligation	
6.5.4	Any non-paying Party indemnifies all other Trading Parties in respect of all amounts unpaid	Both Suppliers would retain this obligation	
6.5.6	A Trading Party will notify BSCCo before instituting action to obtain payment from a non-paying Party	Both Suppliers would retain this obligation	
6.6.1	Parties will make early payment of Main Funding Shares, if required by BSCCo to cover cash shortfall.	Both Suppliers would retain this obligation	

<b>BSC SECTION : G</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
2.2.1	Lead Parties shall provide information relating to costs under contingency provisions	Both Suppliers would retain this obligation	
3.3.1	Lead Parties may claim for instructions during a Black Start	Both Suppliers would retain this right	
5.2.1	Lead Parties (as generators and compensation suppliers) are entitled to claim for generator compensation instructions	Both Suppliers would retain this right	

<b>BSC SECTION : H</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.2.7	Party must comply with Code Subsidiary Documents	Both Suppliers would retain this obligation.	

<b>BSC SECTION : H</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.4.5	Party may disclose information, subject to confidentiality and to the same extent as BSCCo	Both Suppliers would retain this right.	
2.2	Party must comply with the Implementation Scheme, to the extent that it remains in force	Both Suppliers would retain this obligation	
2.3.1	All rights and obligations come into force at Go Live	No change	
3.1.1	Parties are subject to events of default	Both Suppliers would retain this liability. There would be no separation of responsibilities between IDs (for the Replacement Supplier). Any pre-cursor to default (such as an unremedied breach) would carry over from old to new ID for Failing Supplier	Manual records would be required to track multiple ID Parties or Parties whose IDs had changed.
3.1.3	Party will avoid breach if compliance is unachievable due to BSCCo	Both Suppliers would retain this right	
4.2.2	Party is subject to confidentiality undertakings	Both Suppliers would retain this obligation	
4.6.3	Party grants non-exclusive licence to use relevant Party data for Code purposes	Both Suppliers would retain this obligation	
4.6.4	Party should avoid causing IPR infringement and indemnify BSCCo accordingly	Both Suppliers would retain this obligation	

<b>BSC SECTION : H</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
4.7	Party waives rights to and assigns IPR in, and title to, BSCCo materials	Both Suppliers would retain this obligation	
4.8	Party must comply with the Data Protection Act, 1998	Both Suppliers would retain this obligation	
4.10.1	Party need only disclose documents that would be disclosed in civil proceedings	Both Suppliers would retain this obligation	
6.1.1	Party obligations are several, cannot be the responsibility of others and are not relieved by failure to meet other obligations (by anyone)	Both Suppliers would retain this obligation	
6.1.2	Party indemnifies other Parties	Both Suppliers would retain this obligation	
7.11	Party will go to arbitration to settle disputes	Both Suppliers would retain this obligation	
9.1.1	Party may not assign and/or transfer rights/obligations	Both Suppliers would retain this obligation	
9.2.1	Party will send notices to registered addresses of other Parties	Both Suppliers would retain this obligation	
9.3	Party rights/obligations are unaffected by any individual delay, omission, single exercise, or partial exercise of a particular right/obligation	Both Suppliers would retain this obligation	

<b>BSC SECTION : H</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
9.4	Third parties have no rights under the Code	Both Suppliers would retain this obligation	
9.5	Party will use the English language	Both Suppliers would retain this obligation	
9.6.1	If any part of the BSC is deemed illegal or unenforceable etc., other terms and conditions remain in force	Both Suppliers would retain this obligation	
9.7.1	Code supersedes any previous understandings	Both Suppliers would retain this obligation	
9.8.1	Code will accept other currency, if it is legal tender	Both Suppliers would retain this obligation	
9.9.1	E & W courts will have exclusive jurisdiction to settle disputes	Both Suppliers would retain this obligation	

<b>BSC SECTION : J</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.2.1	Party shall appoint appropriate Party Agents	Both Suppliers would retain this obligation	
1.2.3	If a Party wishes to make notifications, authorised Party Agents must be used	Both Suppliers would retain this obligation	

<b>BSC SECTION : J</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.2.4	Party may act as an Agent itself, subject to appropriate conditions (eg being Accredited).	Both Suppliers would retain this right.	Change of ID for Failing Supplier and move of old ID to Replacement Supplier may need to be tracked through Agent IDs (not an issue in PRS)
2.1.1	Party must use Accredited Agents, where appropriate	Both Suppliers would retain this obligation	
2.3.1	Party shall satisfy itself as to financial condition etc. of any Accredited Agent	Both Suppliers would retain this obligation	
4.2	Party may replace Party Agents, subject to certain conditions	Both Suppliers would retain this right	
5.1.1	Supplier hub must have satisfied Supplier Entry Process	Both Suppliers would retain this obligation	
5.3.2	Party may only use qualified Party Agents	Both Suppliers would retain this obligation	
6.1.1	Party must register its Party Agents	Both Suppliers would retain this obligation	
7.1.1	Party and Party Agents shall comply with data provision requirements for performance.	Both Suppliers would retain this obligation	

<b>BSC SECTION : K</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>



1.2.1	Party should put in meters, register the metering systems, register BM Units and assign BM Units to Trading Units for all its Boundary Points	Both Suppliers would retain this obligation	
1.2.3	Party should prevent exports or imports until registrations have been completed	Both Suppliers would retain this obligation	
1.2.5	Party should have Connection Agreements in place for all exports or imports	Both Suppliers would retain this obligation	Change in IDs would need to be relayed to NGC/Distribution businesses
1.3.1	Party responsible for a Systems Connection Point will put in meters and register the metering systems	Both Suppliers would retain this obligation	
1.5.1	Party should seek BSCCo confirmation that exempt export status for a BM Unit is OK	Both Suppliers would retain this obligation	
2.2.1	Party may register metering systems in CMRS, subject to certain conditions	Both Suppliers would retain this right	
2.2.6	A Registrant of a CVA metering system shall keep its registrations up to date	Both Suppliers would retain this obligation	
2.3.1	A Registrant of a CVA metering system may only withdraw a registration if the plant is disconnected, the system is moved to SMRS, or a new registrant is appointed	Both Suppliers would retain this obligation	
2.3.6	Party shall not be released from accrued liabilities, even if ceasing to be registrant	Both Suppliers would retain this obligation	
2.4.1	A (Supplier) Party must register meters in SMRS, if they are not registered in CMRS	Both Suppliers would retain this obligation	

2.5.1	Two Suppliers may share a SVA metering system	Both Suppliers would retain this right	
2.5.4	Two Suppliers sharing an SVA metering system must inform each other of their identities and agree who should be the primary Supplier	Both Suppliers would retain this obligation	
2.6.1	A Party may transfer a meter registration between SMRS and CMRS, subject to eligibility	Both Suppliers would retain this right	
3.2.1	Party should ensure that BM Unit registrations are compliant with Code requirements	Both Suppliers would retain this obligation	
3.2.8	Party will keep its BM Unit registrations up to date	Both Suppliers would retain this obligation	
3.3.1	A Supplier will be allocated a base BM Unit for each GSP Group	Both Suppliers would retain this obligation	
3.3.2	a Supplier may register additional BM Units.	Both Suppliers would retain this right, subject to certain specific conditions in section K	
3.3.6	A Supplier may not withdraw from the registration of a base BM Unit, whilst remaining a Supplier	Both Suppliers would retain this obligation, subject to certain specific conditions in section K	
3.4.1	A Lead Party shall estimate and notify values of GC and DC for each BM Unit	Both Suppliers would retain this obligation	
3.5.5	A Lead Party may elect the P/C status of an exempt export BM Unit	Both Suppliers would retain this right	

3.6.1	A Lead Party may change the configuration of BM Units, subject to Code requirements	Both Suppliers would retain this right	
4.2.1	A Party may apply to the Panel for a collection of BM Units to be treated as a Trading Unit	Both Suppliers would retain this right	
4.4.1	A Lead Party for an exempt export BM Unit, along with a Lead Party for a Supplier BM Unit may elect for the two BM Units to be treated as a Trading Unit	Both Suppliers would retain this right	
4.6.1	A Lead Party may withdraw a BM Unit from a (non sole) Trading Unit	Both Suppliers would retain this right	
7.1.3	Failing Supplier will hand over to Replacement Supplier; responsibility for imports/exports, status of registrant for metering systems and all commensurate responsibilities for each Affected BM Unit	Failing Supplier would retain this obligation	Those BM Units retained by the Failing Supplier would need to be re-registered to the Failing Supplier's new ID
7.1.9	If a last resort direction is issued to a Trading Party, a copy should be sent to BSCCo	Both Suppliers would retain this obligation	
7.2.1	A Lead Party may give notice to BSCCo of a transfer of interests in supply (and generation), where certain default events have been declared	Both Suppliers would retain this right	
7.4.5	A Replacement Supplier will not be in breach for any gap between Transfer Date and Registration Date	No change	

7.5.1	The rights of the Failing Supplier relating to data for Affected BM Units will apply to the Replacement Supplier from the Transfer Date	No change	
7.5.2	Failing Supplier will take steps to assist Replacement Supplier to effect transfer of responsibilities	No change	
7.5.4	Failing Supplier shall have right of access to relevant records, data and information prior to transfer	No change	
7.6.1	Replacement Supplier will expedite relevant metering system registrations	No change	
7.6.3	Failing Supplier will facilitate 7.6.1	No change	

**BSC SECTION : M**

CLAUSE	DESCRIPTION	COMMENTS	SYSTEM IMPACT
2.1.2	Party may provide credit cover via LoC or cash	Both Suppliers would retain this right	Cover provided by Failing Supplier would need to be reallocated to the new ID. Cover provided by the Replacement Supplier would need to be allocated between the two IDs.
2.3.1	Party may reduce credit cover to not less than minimum eligible amount	Both Suppliers would retain this right	Reduction by the Replacement Supplier would need to take account of the split in cover between the two IDs
3.2.1	Party may raise a default query notice	Both Suppliers would retain this right	

<b>BSC SECTION : M</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
3.2.5	Party shall reduce CCP to 75% or less for one or more settlement periods within the default cure period	Both Suppliers would retain this obligation, if they moved into level one credit default.	CCP would need to be calculated for the two IDs of the Replacement Supplier, jointly.
3.3.3	Party will be subject to refusal and rejection whilst CCP is 90% or greater	Both Suppliers would retain this obligation, if they moved into level two credit default.	CCP would need to be calculated for the two IDs of the Replacement Supplier, jointly.
4.1.1	Party may be paid Credit Cover Error Compensation for credit default errors	Both Suppliers would retain this right	

<b>BSC SECTION : N</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
2.2.1	Party will pay to and will receive from BSC Clearer, amounts relating to trading under the Code	Both Suppliers would retain this obligation/right	
2.5.1	Party will not receive payment if in default	Both Suppliers would retain this obligation	Both IDs would need to be flagged, if the Replacement Supplier were in default
4.3.1	Party shall maintain a Settlement Account	Both Suppliers would retain this obligation	Banking details for both the old and new IDs for the Failing Supplier would need to be re-registered
4.6.7	Party waives right to claims against Clearer to set off against moneys credited to the Reserve Account	No change	
5.1.1	Party will be bound by agreements on tax treatment	Both Suppliers would retain this obligation	
6.7.1	Debtors will pay Clearer and Creditors will be paid by Clearer, on due dates, as per Advice Notes	Both Suppliers would retain this obligation/right	

<b>BSC SECTION : N</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
6.10.1	Parties will pay/be paid to reflect reconciliation for Replacement Supplier where Transfer Date precedes Appointment Day	Both Suppliers would retain this obligation/right	
8.1.1	Debtor shall ensure that payment is credited to the Collection a/c by 12.00 on the payment date	Both Suppliers would retain this obligation	
9.6.6	Parties shall be liable for a Default Share Amount	Both Suppliers would retain this obligation	
11.1.1	Parties shall repay any overpayment	Both Suppliers would retain this obligation	
11.3.1	Parties will receive any underpayment	Both Suppliers would retain this right	
13.2.1	Parties may receive relevant extracts of the ledger a/c	Both Suppliers would retain this right	Transfer of ID to Replacement Supplier would need to be recorded

<b>BSC SECTION : O</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
3.1.1	Party and Agent systems shall comply with the Communications Requirements Document	Both Suppliers would retain this obligation	Records would need to recognise change of ID.
3.2.1	Party and Agent systems shall undertake testing prior to being qualified	Both Suppliers would retain this obligation	
3.4.2	Parties and Agents shall take reasonable measures to prevent unauthorised access to systems	Both Suppliers would retain this obligation	

<b>BSC SECTION : O</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
4.1.1	Parties and Agents shall comply with the Data File Catalogue	Both Suppliers would retain this obligation	
4.1.4	Parties and Agents shall comply with all requirements in section O	Both Suppliers would retain this obligation	
4.4.1	Parties and Agents shall endeavour not to disrupt the communication flows of other Parties and Agents	Both Suppliers would retain this obligation	
4.4.2	Parties and Agents shall not send any communications which are illegal under other legal provisions	Both Suppliers would retain this obligation	

<b>BSC SECTION : P</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.2.2	Parties must make Authorisations unconditional and may not challenge Notifications	Both Suppliers would retain this obligation	
1.4.1	ECVNAs and ECVNs can relate to one Party	Both Suppliers would retain this right	
2.1.1, 3.1.1	Parties may appoint an ECVNA/MVRNA	Both Suppliers would retain this obligation	Authorisations would need to recognise the transfer of ID and the creation of the new ID for the Replacement Supplier
2.3.1, 3.3.1	Parties may submit ECVNs and MVRNs	Both Suppliers would retain this right	Notifications relating to the old ID would need to be reallocated to the new ID for the Failing Supplier
2.4.1, 3.4.1	ECVNs and MVRNs will be refused if associated Party is in Level 2 Credit Default	Both Suppliers would retain this obligation	See comments for section N

<b>BSC SECTION : P</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
2.4.2, 3.4.2	Previously submitted ECVNs and MVRNs will be rejected if associated Party is in Level 2 Credit Default	Both Suppliers would retain this obligation	See comments for section N
4.2.1	Sum of % MVRNs may not exceed 100%	Both Suppliers would retain this obligation	

<b>BSC SECTION : T</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.2.1	Parties will be liable for or entitled to payment in accordance with section T.	Both Suppliers would retain this obligation/right	Non- Affected BM Units would need to be re-registered to the new ID of the Failing Supplier

<b>BSC SECTION : V</b>			
<b>CLAUSE</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>	<b>SYSTEM IMPACT</b>
1.1.4	Parties rights and obligations shall be unaffected by the performance of reporting.	Both Suppliers would retain this obligation	
1.1.4	Parties shall have no claim or entitlement against others as a result of the performance of reporting	Both Suppliers would retain this obligation	
3.2.3	Parties shall be entitled to receive specified reports.	Both Suppliers would retain this right	Party specific reports would need to be re-directed to new ID for Failing Supplier
3.2.5	Parties will receive reports in accordance with section O	Both Suppliers would retain this obligation	