

June 2002

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P88 -
Introduction of obligations in
relation to SVA Metering, Meter
Operator Agents and Equipment
Owners**

Prepared by ELEXON Limited

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1.0	07/06/02	Change Delivery		Version for Panel review

Version	Date	Reviewer	Signature	Responsibility
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b Distribution

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

c Intellectual Property Rights and Copyright

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1 EXECUTIVE SUMMARY

Modification Proposal P88 'Introduction of obligations in relation to SVA Metering, Meter Operator Agents and Equipment Owners' was raised by Scottish and Southern Energy plc on 31 May 2002 and is included in Annex 1. P88 has been raised as a result of the Review of Electricity Metering Arrangements (REMA), an initiative set up by the Authority to discuss and implement a split between Meter Asset Maintenance (MAM) and Meter Asset Provision (MAP) services in relation to Non-Half Hourly metering.

The REMA Expert Group recommendations (attached to P88) outline the complete range of changes required to systems, processes and documentation in order to support a MAP/MAM split. P88 seeks to progress the changes to the BSC that have been identified as necessary by the REMA Expert Group, and by consequence the alterations required to BSC Systems and Code Subsidiary Documents. It is the intention of the REMA Expert Group that P88 would serve as a driver for all the Settlement-related changes required to support the MAP/MAM split.

An initial assessment of P88 has identified the following potential areas of impact and issues to be considered:

- Relatively small on Sections of the BSC;
- A similar level of impact on the Code Subsidiary Documents;
- Impact on BSC Systems and other systems relating to Settlement, in particular, the Data Transfer Network (DTN), the Market Domain Data Management (MDDM) system;
- Potential significant impact on participant systems (distributors, Suppliers and Supplier Agents).
- Impact on Core Industry Documents, namely the MRA (Master Registration Agreement) and the MRA Data Transfer Catalogue;
- The requirement to introduce a new Code of Practice (CoP) to provide governance for Non-Half Hourly Metering;
- The need to protect competition in the retail electricity market.
- The need to tie in progression with the MRASCo change control process.

It is recommended that P88 be progressed as follows:

- P88 should be submitted to the Assessment Procedure in accordance with Section F 2.6 of the BSC in order to enable the Modification Group to assess the Modification;
- The Assessment Procedure should be undertaken by the Volume Allocation Modification Group (VAMG);
- The Assessment Report should be submitted for consideration by the Panel on 15 August 2002.

2 INTRODUCTION

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

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

3 DESCRIPTION OF THE MODIFICATION PROPOSAL

A copy of P88 and the associated attachments, as submitted by its Proposer, can be found at Annex 1 to this report. It should be noted that the description of P88 provided here is only a high level summary and description. P88 itself and the associated attachments provide more detail.

Description of the Proposed Modification

P88 aims to amend sections of the BSC to accommodate a split between MAP and MAM within the electricity supply industry. At present, MAP and MAM services are provided as a single entity, with the result that Suppliers are unable to contract for separate MAP and MAM services, and conversely, an organisation wishing to provide MAM services may be obliged to take on MAP responsibilities (or vice versa). Separating the two services would provide more choice to Suppliers, MAPs and MAMs, thereby increasing competition between participants and lowering prices.

Most of the consequences of such a split would remain invisible to Settlement, as the decision to appoint a MAP, MAM or both is purely a commercial decision for the Supplier and has no direct impact on the metered data entered into Settlement. However, there are specific areas in the BSC that require amendment to ensure that the split does not pose any risk to the existing Settlement processes. The key requirement is to ensure that for a given SVA metering system, each of the participants (Suppliers, Supplier Agents and distributors) have all the information required in order to fulfil their Settlement and Statutory obligations.

P88 states that, for an SVA Metering System used in Settlement, the Meter Operator Agent (MOA) is to be regarded as the MAM and the Equipment Owner (who may or may not be the MOA) is the MAP. This means that there would be no need to alter the current definitions contained in the BSC.

4 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Registration	The Equipment Owner's consent will be required when registering an SVA Metering System.
Supplier Volume Allocation	The Market Domain Data system and the Data Transfer Network (and hence associated documents) will be affected by the introduction of a MAP Identifier.

5 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
Data Transfer Network	A new data item, 'MAP ID' will be inserted in the D0150 (Non-Half Hourly Meter Technical Details) and D0268 (Half Hourly Meter Technical Details) data flows via DTC CPs 3139 and 3140.
Market Domain Data Management	New Market Participant Role of 'MAP' to be created and used to populate the 'Market Participant ID' field in Market Domain Data.
Participant Systems	The systems used by Suppliers, MOAs and distributors may be impacted, depending on the extent of the validation checks undertaken on the data flows being modified by P88/MRA DTC CPs.

6 IMPACT ON DOCUMENTATION

6.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
K: Classification and Registration of Metering Systems and BM Units	Paragraph 2.4 (Registration in SMRS) will require an alteration to state that the Equipment Owner's consent is required before an SVA Metering System can be registered.
L: Metering	<p>Paragraph 1.2 (Meter Operator Agents) will need to be altered to include a general high-level obligation on MOAs to keep Equipment Owners informed of the status of their meters and whether any fieldwork has been carried out.</p> <p>A new paragraph will be required to state that Non-Half Hourly Meters must be operated and maintained in accordance with the proposed new Code of Practice, as and when an NHH CoP is approved for implementation (see 6.2 below).</p>

6.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
Party Service Lines	<p>PSL110 (SVA Meter Operation) will require alterations to reflect the obligations on Meter Operator Agents to inform Equipment Owners when:</p> <ol style="list-style-type: none"> a. a meter is removed, b. a meter is found to be damaged or faulty (and therefore may need replacing), or c. a meter is nearing the end of its Certification life (as defined in the Electricity Act 1989), and either needs to be re-certified (if possible) or else replaced with a new meter.
Codes of Practice	A new Code of Practice, covering Non-Half Hourly Metering, will be required.

Code Subsidiary Document	Potential Impact of Proposed Modification
Data Catalogues	The BSC SVA Data Catalogue will require alteration by adding the MAP ID to the D0150 and D0268 data flows.

6.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Master Registration Agreement	<p>The definition of 'Meter Operator' will need to be altered to remove the first clause, which states: 'to provide metering equipment, whether by way of sale, hire or loan'. This will bring the MRA definition of Meter Operator into line with the definition of MOA in the BSC and hence MAM (and is being progressed via MRA CP108).</p> <p>In addition, changes will be required to the Data Transfer Catalogue and are being progressed via MRA DTC CPS3139 and 3140.</p>

7 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

The Initial Assessment of P88 demonstrates that changes are required to the Code and Code Subsidiary Documents to support a split between MAP and MAM services.

ELEXON recommends that P88 be submitted to the Volume Allocation Modification Group (VAMG) for Assessment, and no changes are proposed to the Terms of Reference of the group. The VAMG should be actioned to provide its report to the Panel at its meeting on 15 August 2002.

This Assessment period has been requested so as to allow consultation and impact assessment to be undertaken with respect to BSC Systems, Suppliers, Supplier Agents and distribution businesses.

8 ISSUES

The following issues will need to be considered and addressed in the progression of P88.

8.1 Code of Practice

The REMA Expert Group Recommendation attached to P88 references the need for a Non-Half Hourly Metering Code of Practice in order to support the MAP/MAM split described in P88. The requirements in this Code of Practice would be based upon information contained in the Metering Protocol document produced by the REMA Steering Group. The Panel has been informed of this issue (Paper 44/001) and has agreed that ELEXON should undertake the necessary work to produce a new Code of Practice.

8.2 Protection of Competition

The proposer of P88 raised a concern about the level of protection given to MAMs when taking responsibility for a Metering System. The process as described in the REMA Expert Group Recommendation means that where there is a change of MAM, the incoming agent only receives the full details of the Metering System (i.e. the Meter Technical Details) once it has been appointed. There is a risk that upon registration, a new MAM will find itself unable to support the Metering System (whether because of the meter itself or the associated Metering Equipment), and will therefore be forced to incur costs in order to accommodate the Metering System to which it is appointed. This risk is not new, as the current Change of Agent process for MOAs is very similar to that proposed by the REMA Expert Group. However, the problem is exacerbated by the fact that the very purpose of REMA is to promote competitiveness; if the risk were allowed to stand, it would discourage changes in MAM and in effect would neutralise competition. In order to progress P88, consideration must be given to the protection of MAMs against costs incurred upon appointment where Metering Systems cannot be supported.

8.3 MRA Dependency

Changes are required to the MRA, DTC and DTN to support implementation of P88. These changes are being progressed via the MRASCo change control process and it is proposed that these changes are implemented in February 2003. ELEXON therefore propose that the implementation date of P88 takes into account the MRASCo implementation date.

ANNEX 1 – MODIFICATION PROPOSAL P88

Modification Proposal	MP No: 88 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Introduction of obligations in relation to SVA Metering, Meter Operator Agents and Equipment Owners.	
Submission Date <i>(mandatory by proposer):</i> 31 May 2002	
Description of Proposed Modification <i>(mandatory by proposer):</i> The role of the SVA Meter Operator Agent in relation to the Equipment Owner should be clarified in the relevant Sections of the BSC to support the changes proposed as a result of the Review of Electricity Metering Arrangements (REMA). This Review was initiated by the Authority, with the aim of discussing changes to promote competition in Non Half Hourly (NHH) metering. The REMA Steering Group and Expert Group, who have been discussing the changes required to MRA documents, propose that the changes to the BSC are in place by February 2003 as this would tie in with the proposed date of implementation of the MRA related changes.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> The aim of REMA has been to establish the distinct roles of Meter Asset Provision (MAP) and Meter Asset Maintenance (MAM), thereby promoting competition in these services. MAMs will be appointed by the Supplier and will be responsible for all fieldwork carried out on Metering Equipment, including installation, removal and repair, and will therefore be identical to Meter Operator Agents (MOAs) as currently defined in the BSC. MAPs will be the organisations or individuals (<i>not</i> Supplier Agents) that provide meters which are fit for purpose (i.e. those that meet the standards of a relevant Code of Practice or Statutory Instrument) for use by MAMs. A key condition of the solution is that MAP will equate to ownership of the meter, and therefore the BSC term 'Equipment Owner' will be equivalent to that of 'MAP'. A MAM can own a meter if it wishes, in which case the relevant organisation would be identified as both the MAP and the MAM for that meter. From a BSC point of view a MAP/MAM split is largely invisible, as the method by which data is submitted into Settlement and the various obligations on Parties and Party Agents would remain the same. However, in order to support the solution described above (and to ensure that no risks are posed to Settlement through misinterpretation of roles), new obligations are proposed affecting the Meter Operator Agents. The following conditions have to be met to support a MAP/MAM split: <ul style="list-style-type: none"> • Equipment Owners must know the identity of MOAs responsible for their meters; • MOAs must obtain Equipment Owners' consent before metering assets are used in Settlement; and • MOAs must notify Equipment Owners if: <ul style="list-style-type: none"> a) a meter is removed, 	

Modification Proposal	MP No: 88 <i>(mandatory by BSCCo)</i>
<p>b) the meter is damaged or faulty and requires replacement,</p> <p>c) the meter is nearing the end of its Certification life.</p> <p>These new obligations require inclusion in the BSC to provide the necessary governance for MOAs in their role as MAMs.</p> <p>Although the scope of the requirements is focused on the NHH market, equivalent changes are proposed for use in the Half Hourly (HH) market.</p>	
<p>Impact on Code <i>(optional by proposer):</i></p> <p>Section K: Classification and Registration of Metering Systems and BM Units – paragraph 2.4 (Registration in SMRS) would require an additional clause (similar to that in K 2.2.4(g)) to ensure that Equipment Owners' consent has been obtained prior to registration.</p> <p>Section L: Metering – a general clause is required in paragraph 1.2 (Meter Operator Agents) to reflect that MOAs must keep Equipment Owners informed of work performed on their meters.</p> <p>Note that, as the BSC definition of 'Meter Operator Agent' is equivalent to that of MAM, the use of 'MOA' in the BSC and the Code Subsidiary Documents will remain unchanged.</p>	
<p>Impact on Core Industry Documents <i>(optional by proposer):</i></p> <p>There will be impacts on the Master Registration Agreement (MRA) and the Data Transfer Catalogue (DTC). The changes are required to deliver the total solution and for the DTC are attached for completeness.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i></p> <p>The Data Transfer Network (DTN) will be impacted by the alterations to existing data flows.</p> <p>The Market Domain Data Management (MDDM) system will be affected by the introduction of a new Role Code for MAPs; Non Half Hourly Data Aggregator (NHHDA) and Supplier Volume Allocation Agent (SVAA) systems will also be impacted as they are required to load Market Domain Data.</p> <p>Participant systems may be impacted depending on the validation undertaken on Role Codes.</p>	
<p>Impact on other Configurable Items <i>(optional by proposer):</i></p> <ol style="list-style-type: none"> Party Service Line PSL110 (SVA Meter Operation) will require amendment to include the specific obligations on MOAs. The D0150 (Non-Half Hourly Meter Technical Details) and D0268 (Half Hourly Meter Technical Details) data flows in the BSC SVA Data Catalogue will require amendment to include MAP ID amongst the data items. BSC SVA Data Catalogue will require alteration to allow a new Market Participant Role Code to identify MAPs. This will allow the MAP ID to be included in Market Domain Data and in doing so will meet the requirements of the solution. <p>The term 'MAP' is preferred over 'Equipment Owner' in the case of the BSC SVA Data Catalogue as this is the approach that will be used in the MRA DTC, although the two terms are equivalent.</p>	

Modification Proposal	MP No: 88 <i>(mandatory by BSCCo)</i>
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> Against the specific scope and requirements provided by OFGEM's review of electricity metering arrangements the proposed changes will, as part of the total solution, better facilitate the Regulator's view of the BSC Objective set out in Paragraph 3 of Condition C3 of the Transmission Licence: <p style="margin-left: 40px;">“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 (as defined in the Transmission Licence) of electricity.”</p> Subject to the introduction of satisfactory commercial arrangements, necessary to protect competition in the retail electricity market the Modification will serve to increase competition in both MAM and MAP, which in turn will benefit Suppliers when procuring MAP/MAM services.	
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Attachments: Yes 1. REMA Expert Group Recommendations, 2. MRA CP108, 3. MRA DTC CPs 3139 and 3140.	