

October 2002

Draft Modification Report

**P88 – Introduction of obligations in relation
to SVA Metering, Meter Operator Agents
and Equipment Owners**

Prepared by the VAMG on behalf of the Balancing and
Settlement Code Panel

Document Reference	P88MR02
Version no.	0.2
Issue	DRAFT
Date of Issue	23 September 2002
Reason for Issue	For Review
Author	Change Delivery

I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	13/09/02	Change Delivery		For Review
0.2	23/09/02	Change Delivery		For consultation

Version	Date	Reviewer	Signature	Responsibility
0.1	18/09/02	Change Delivery		

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	Document
Reference 1	P88 Initial Written Assessment v1.0
Reference 2	P88 Assessment Report v2.0

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Report Phase and the resultant findings of this report, the BSC Panel recommends that:

Modification Proposal P88 should be made with an Implementation Date of 29 May 2003.

1.2 Background

Modification Proposal P88 'Introduction of obligations in relation to SVA Metering, Meter Operator Agents and Equipment Owners' (P88) seeks to modify the BSC in response to the Authority's Review of Electricity Metering Arrangements (REMA). The Review introduces a split between the services of Meter Asset Maintenance (MAM), which comprises all fieldwork undertaken on meters, and Meter Asset Provision (MAP), which involves the provision of a meter fit for purpose to an accredited agent for installation. In practice, Meter Operator Agents (MOAs) as they exist today would perform the MAM role, while the MAP for a particular piece of Metering Equipment would be the Equipment Owner as defined in the BSC. The split between these services is intended to promote competition in electricity metering and hence competition in electricity supply.

The Authority established a REMA Expert Group to devise a technical solution by which the split could be delivered effectively. The scope of this Expert Group was confined to the raising of proposed changes to MRASCo products such as the Master Registration Agreement (MRA) and the MRA Data Transfer Catalogue (DTC); these proposals have been progressed and were approved by the MRA Development Board (MDB) on 27 June 2002 to be implemented on 29 May 2003. P88 was raised to introduce high-level BSC obligations that would deliver consistency between the BSC and MRA and ensure that existing settlement procedures are not compromised by REMA. The proposer believed that P88, in helping to promote competition in the supply of electricity, would better facilitate Applicable BSC Objective (c).

1.3 Rationale for Recommendations

The Volume Allocation Modification Group (VAMG) assessed P88 against the Applicable BSC Objectives and considered the responses to the industry consultation and impact assessment. The VAMG agreed that in principle, P88 could promote competition in electricity supply (and so better facilitate Applicable BSC Objective(c)) but that this would be dependent on the nature of the contractual agreements between participants. Without such arrangements, there is a risk that the MAP/MAM would be able to operate effectively. The VAMG recognised that as contractual considerations lie outside the scope of the BSC, they cannot be resolved via the Modifications Process and instead the responsibility would lie with the participants themselves. At a meeting of the VAMG on 30 August 2002, the Authority explained that guidance would be issued to Suppliers and Distributors in October 2002 that would seek address the industry concerns re the necessary contractual arrangements prior to the proposed implementation of REMA and P88 in May 2003. The VAMG welcomed this approach.

The VAMG also discussed the need to ensure consistency between the BSC and MRA, given that the MDB have approved the MRASCo-related REMA changes for implementation. It was recognised that without P88, the BSC and MRA would become inconsistent once REMA is implemented and that these differences (particularly in relation to the SVA Data Catalogue and MRA DTC) would represent a significant risk to settlement. Therefore the VAMG unanimously agreed that P88 would better facilitate Applicable BSC Objective (d) in 'promoting efficiency in the implementation and administration balancing and settlement arrangements'.

A full discussion of the issues associated with this Modification is contained in the P88 Assessment Report (Reference 2).

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 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.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') 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

3 DESCRIPTION OF PROPOSED MODIFICATION

P88 seeks to implement changes to the BSC to support the MRA changes proposed by the REMA Expert Group.

Section K 2.4 describes the BSC requirements in relation to registration of SVA Metering Systems in a Supplier Meter Registration Service (SMRS). In the case where a new Boundary Point has been created and a Metering System is registered, it is important that from the outset, the identity of the associated Equipment Owner is recorded against that Boundary Point. This will be achieved by placing an obligation on Suppliers to ensure that, in this special instance, the consent of the Equipment Owner to the registration of the Metering System at that Boundary Point is obtained.

The identity of the Equipment Owner associated with each Metering System will be stored in Market Domain Data, allowing the information to be issued to other participants (particularly Distributors) via data flows described in the SVA Data Catalogue and the MRA DTC. Only BSC Parties may submit information into Market Domain Data (MDD), therefore this will be a Supplier responsibility. Section S 2.7 of the BSC describes additional Supplier obligations. A new paragraph will be added requiring Suppliers to provide the SVA Agent with Equipment Owner information to allow it to be recorded in MDD.

4 HISTORY OF THE MODIFICATION PROPOSAL

P88 was raised by Scottish and Southern Energy on 31 May 2002 on behalf of the REMA Expert Group. On 13 June 2002, the Panel considered P88 and the Initial Written Assessment (Reference 1) and agreed that P88 was sufficiently well defined to allow it to be submitted to the Assessment Procedure, with an Assessment Report presented to the Panel on 15 August 2002.

The consultation and impact assessment conducted by industry on P88 showed a slight majority in favour of P88 and that concern over contractual arrangements formed the main basis of opposition. The VAMG agreed with these concerns and, being unable to resolve them in any Alternative Modification, presented an Assessment Report to the Panel with a recommendation to reject P88. The Panel noted the concerns of the VAMG and agreed to extend the Assessment Procedure by one month in order to allow the VAMG to determine whether the contractual issues may be resolved outside the BSC, and requested that the Authority provide assistance. In addition, the Panel requested that the VAMG give consideration to the need to ensure consistency between the BSC and MRA and in so doing better facilitate Applicable BSC Objective (d).

At its meeting on 30 August 2002, the VAMG were assured by the Authority that guidance would be provided to Suppliers and Distributors in October 2002 that would seek to allow the necessary contractual framework to be established between participants.

Having obtained this assurance, and having unanimously agreed that P88 would better facilitate Applicable BSC Objective (d), on 12 September 2002 a revised Assessment Report (Reference 2) was presented to the Panel with a recommendation that P88 should be made. The Panel agreed with this recommendation and determined that a draft Modification Report should be prepared and issued for consultation and presented to the Panel at its meeting on 17 October 2002.

5 RATIONALE FOR PANEL RECOMMENDATIONS

The Panel noted the recommendation of the VAMG in the Assessment Report that P88 should be made, and also noted an appeal raised by a participant against the decision of the MDB to approve the MRA changes for implementation. The Panel agreed that (subject to the appeal) P88 would better facilitate Applicable BSC Objective (d) by providing consistency between the BSC and MRA (and their respective subsidiary documents) and in so doing, maintain the efficiency of the administration and implementation of balancing and settlement.

6 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

P88 requires minor changes to Sections K and S of the BSC to place additional obligations on Suppliers that will ensure the necessary Equipment Owner-related registration data is maintained and included in Market Domain Data.

The proposed changes are as follows:

Section K: Classification and Registration of Metering Systems and BM Units

Insert a new paragraph 2.4.6:

"2.4.6 Where a Supplier is to be the first Registrant in SMRS of a Non Half Hourly Metering System at a new Boundary Point, and the Supplier is not the Equipment Owner, the Supplier shall obtain the consent of the Equipment Owner to such registration."

Section S: Supplier Volume Allocation

Insert a new paragraph 2.7.9:

"2.7.9 In relation to each Non Half Hourly Metering System in relation to which it is registered in SMRS, a Supplier shall inform the SVAA in accordance with BSCP 509 of the identity of the Equipment Owner (whether or not the Supplier itself), to enable such data to be included in Market Domain Data."

7 SUMMARY OF REPRESENTATIONS

[To be completed following consultation of draft Modification Report]

ANNEX A – REPRESENTATIONS

[To be completed following consultation of draft Modification Report]

ANNEX B – MODIFICATION PROPOSAL P88

See attached document.