

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**

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b Distribution

Name	Organisation
Each BSC Party	Various
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The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
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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 split would not be able to operate effectively in practice. 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. This guidance would seek to 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 Equipment Owners associated with Non Half Hourly Metering Systems 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 (directly, or indirectly through its authorised Meter Operator Agent) the consent of the Equipment Owner to such registration."

Section S: Supplier Volume Allocation

Insert a new paragraph 2.7.9:

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

7 COST OF IMPLEMENTATION

The total external cost of implementation of the Proposed Modification is around £13,000. This includes the effort required by the SVAA to create a new role code in MDD for Equipment Owners, and the costs involved in updating the ELEXON Entry Process Agent test documentation to include new data items and obligations arising from the MAP/MAM split. A small additional cost will be incurred by ELEXON in updating the Code Subsidiary Documents and presenting them the appropriate Panel committee for approval.

8 SUMMARY OF REPRESENTATIONS

In response to the consultation of the Modification Report, 11 responses from a total of 29 BSC Parties and Party Agents were received. In summary:

- 6 respondents (16 Parties) supported the Proposed Modification;
- 3 respondents (11 Parties) did not support the Proposed Modification. Two of the respondents supported P88 in principle but had concerns over the associated contractual arrangements outside of the BSC;
- 2 respondents (a Party and a Party Agent) provided no comment.

A number of respondents provided minor comments on the Legal Text to improve clarity. Regarding the requirement for Equipment Owner's consent to be obtained for new connections, there was concern that the proposed text would force Suppliers to obtain such consent directly, without the option of delegating the task to the Supplier's appointed Meter Operator Agent. This is not the intention of P88; while the responsibility to carry out the Code obligation would ultimately remain with the Supplier as a Party to the BSC, the Supplier Hub principle makes allowance for Supplier Agents to carry out tasks on the Supplier's behalf. Therefore, the suggestion was made that the Code should require Suppliers to obtain the consent of the Equipment Owner either directly or indirectly via its Meter Operator Agent.

The respondents also commented on the clause in the Legal Text requiring Suppliers to submit Equipment Owner information to the SVAA for inclusion in MDD. There was concern that the wording would inadvertently result in Suppliers having to submit to the SVAA a list of Equipment Owner identifiers mapped against each and every Metering System to which the Supplier is registered. Instead, the intention of P88 is merely to ensure that, for a given Supplier's set of NHH Metering Systems, the identity of every Equipment Owner used by the Supplier is recorded in MDD.

The suggestions raised on the Legal Text were considered by the VAMG who agreed minor revisions to the text in order to ensure the requirements were correct and more rigorous.

In relation to those respondents that did not support the Proposed Modification, other than the concerns regarding contractual arrangements (which are described in Section 1.3), no new substantive arguments were raised. One respondent rejected P88 on the basis that the rationale for introducing the new obligations in the Code (and in particular their impact on Meter Operator Agents) is unclear. However the VAMG believe that the need for these obligations is clear, both because of the REMA initiative (and the Licence Conditions) and the need to maintain consistency between the BSC and the MRA.

The complete text of the responses is contained in the following section.

9 REPRESENTATIONS

Responses from the P88 Modification Report consultation were received from the following participants:

No	Company	File Number	No. BSC Parties Represented
1.	Powergen Retail	P88_MR_001	1
2.	Seeboard Power Networks Plc	P88_MR_002	1
3.	Aquila Networks Ltd.	P88_MR_003	1
4.	Scottish & Southern Energy Ltd	P88_MR_004	4
5.	Innogy Plc.	P88_MR_005	9
6.	IMServ Europe Ltd.	P88_MR_006	0
7.	British Energy	P88_MR_007	3
8.	SEEBOARD Energy Ltd.	P88_MR_008	1

9.	LE Group	P88_MR_009	1
10.	ScottishPower UK Plc	P88_MR_010	6
11.	British Gas Trading	P88_MR_011	1

P88_MR_001 – Powergen Retail Ltd

We are generally supportive of this modification as it will protect competition in the retail electricity market and will also facilitate competition in the provision of MAP and MAM services. This modification will assist in the implementation of REMA and will benefit suppliers when procuring for MAP/MAM services.

If you have any queries please let me know.

Regards,

AFROZE MIAH
Powergen Retail Ltd.

P88_MR_002 – Seeboard Power Networks Plc.

Seeboard Power Networks plc have no direct comments on the Modification Proposal P88, notwithstanding that other aspects of the implementation of REMA contains significant impacts on us and other industry participants.

Jonathan Purdy

P88_MR_003 – Aquila Networks Ltd.

Please find below Aquila Networks Plc response to P88 Consultation on draft Modification Report:

MSL HHMO rejects P88 for the following reasons:

1. Annex B states: "MOAs must obtain Equipment Owners' consent before metering assets are used in settlement". This impacts on HHMO and it is unclear why specific obligations are deemed to be required.
2. The Modification states that "party service line PSL110 will require amendment to include specific obligations on MOAs". Again, this impacts on HHMO and the obligations are unclear.
3. The Modification states that the D268 data flow in the BSC SVA data catalogue will require amendment to include the MAP ID. We reject this change, pending resolution of all outstanding appeals.

regards
Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P88_MR_004 - Scottish and Southern Energy

This replaces our response, sent earlier this afternoon, on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the Consultation on draft Modification Report P63, contained in your note of 23rd September 2002, we have the following comments:

We have no fundamental issue with either the technical solution or the proposed implementation date. However, when P88 was raised we stipulated the arrangements must be supported by adequate commercial safeguards. These safeguards, in the form of Ofgem guidance, are still not in place and we therefore do not believe that P88 should be implemented until these have been given. We have appealed the corresponding changes to the MRA on precisely these grounds and the appeal is currently with Ofgem for determination.

We think the use of the term Equipment Owner, in part 6 "Legal Text to Give Effect to the proposed Modification" is incorrect and should be changed to Meter Maintainer because they are the Elexon Accredited Agent. This will clarify which Market Participant Role the Supplier needs to notify to the SVAA.

Regards,

Sue Macklin
Scottish and Southern Energy plc

P88_MR_005 – Innogy Plc

Please find below our comments on behalf of 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, regarding this proposal:-

With reference to the new proposed paragraph 2.7.9, Section S of the BSC, we feel that the wording is confusing and a more appropriate format would be as follows:-

"In relation to each Non Half Hourly Metering System in relation to which it is registered in SMRS, and where the identity of an Equipment Owner is not currently held within Market Domain Data, a Supplier shall inform the SVAA in accordance with BSCP509 of the identity of the Equipment Owner (whether or not the Supplier itself), to enable such data to be included in Market Domain Data".

The proposed date of 29 May 2003 is driven by the MRA changes that have been agreed at recent MDB meetings. However, presently only a partial solution has been agreed, and should the date move following appeals that are currently under consideration by Ofgem, then the implementation date needs to be realigned accordingly.

Thanks

Ros Parsons
npower

P88_MR_006 – IMServ Europe Ltd.

We have no comments for this report.

Many thanks.

Regards,

Kim Campbell
Project Planner

P88_MR_007 – British Energy

British Energy note that adherence to the terms of the proposed revised BSC would require agreement by Equipment Owners, who are not bound by the BSC. With a fully competitive arrangement for equipment provision this should not present any difficulty, but if competition is limited there would be potential for difficulties in obtaining the necessary agreement. We note that the Authority has explained that guidance would be issued to Suppliers and Distributors in October 2002 that would seek to address the industry concerns re the necessary contractual arrangements prior to the proposed implementation of REMA and P88, and hope this will successfully address the contractual issues.

British Energy believe that the costs of any software and/or procedural changes associated with this modification should be borne by suppliers, who are the expected beneficiaries in terms of obtaining more competitive metering services. Costs are not explicitly addressed in the report.

At a detailed level, we note:

Section 1.3: The statement that "Without such arrangements, there is a risk that the MAP/MAM would be able to operate effectively." presumably requires correction.

BSC Section X1 defines:

"Equipment Owner": means, in relation to a Metering System, a person which is the owner of Metering Equipment comprised in that Metering System but is not the Registrant of that Metering System;

Does this definition require amendment to cover the possibility of the Equipment Owner also being the registrant? (The possibility of the equipment owner not being the registrant is currently aimed at CVA registrations).

Regards

Rachel Ace

On behalf of:
British Energy Generation
British Energy Power and Energy Trading
Eggborough Power Ltd

P88_MR_008 – SEEBOARD Energy Ltd.

With respect to draft modification report for above mentioned modification proposal, dated 23rd September 2002. We agree with recommendation within section 1.1 of this report, but have some concerns regarding suggested legal text changes in section 6.

Section K changes would be sufficient if all Suppliers intend to contract directly with MAPs. However, this is unlikely to be the case. With that in mind we would suggest that this text should more accurately read:

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, or their authorised Meter Operator Agent, shall obtain the consent of the Equipment Owner to such registration.

If it is not possible to specifically put such an obligation in BSC then it might be necessary to make such changes to relevant Party Service Line with respect to such consent, and reference this from BSC.

Section S changes also need to be redrafted. Requirement is for an Equipment Owner to have details within Market Participant and Market Participant Role tables of Market Domain Data. This is not how these legal text changes are currently written and redrafting is required to clarify this point, otherwise notification will need to be sent to SVAA for every new Non Half Hourly metering system. Although Equipment Owners are not to be accredited if they are to pass data flows then they are likely to require use of Data Transfer Network and as such will need to be involved in some form of interface testing. Part of that process should be to register an entry with SVAA for inclusion in Market Domain Data. However, we have been unable to come to a reasonable definition of this fact to be included in section S of BSC as it seems to be more relevant to MRA. Perhaps this issue should be discussed with Gemserv to ascertain what is possible prior to final legal text changes being produced for this modification.

Dave Morton
SEEBOARD Energy Limited

P88_MR_009 – LE Group

With regard to BSC modification P88 "Introduction of obligations in relation to SVA Meter Operator Agents and Equipment Owners", LE Group support the proposed changes to the BSC with the following qualification.

The VAMG recommended P88 on the basis that it fulfils BSC applicable objective (d) "Promoting efficiency in the implementation and administration of the balancing and settlement arrangements". However, the modification depends on changes to the MRA that have yet to be fully agreed. If these changes are rejected or further revised we would like to see the modification either rejected or changed with further industry consultation, as it will no longer fulfil this BSC applicable objective.

We would also like to make the point that it is important to ensure the timing of the two sets of changes should be aligned.

Regards,

Alec Thompson

on behalf of Liz Anderson, Energy Strategy and Regulation Manager, LE Group.

P88_MR_010 - ScottishPower UK Plc

I thank you for this opportunity to comment on the above.

While we support this Modification in principle, we do not feel that it can be operated successfully in the absence of the necessary commercial agreements. While we recognise that contractual

considerations do not lie within the scope of the BSC, we are anxious to ensure that the guidance offered by the Authority meets with Parties' requirements and is made available as soon as possible.

We also have some concerns over the implementation time scales suggested for P88, given that the progress of the five related MRA change proposals remains uncertain. We do not believe it appropriate to change the BSC in a manner that would create inconsistencies between the BSC and the MRA and would prefer that the Panel defer any decision on P88 until such times as the future of these related MRA change proposals is known.

We also note in section 6 of the report that the proposed wording for the new paragraph 2.7.9 (in Section S of the BSC) seems to indicate that the Supplier must notify the SVAA of the Equipment Owner for each and every NHH metering system to which the Supplier is registered. However, as it does not currently hold data at a metering system level, it is our view that the SVAA need only be notified of each different Equipment Owner used by that Supplier. If this is to be the case, then the text is misleading and should be amended.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours Sincerely,

James Nixon
SAIC Ltd.

For and on behalf of: - ScottishPower UK Plc / ScottishPower Energy Trading Ltd / SP Generation Ltd / Scottish Power Energy Retail Ltd / SP Manweb plc / SP Transmission Ltd

P88_MR_011 – British Gas Trading Ltd.

Dear Sir

Thankyou for the opportunity to respond to The Draft Modification Report on Modification Proposal P88.

We note, as described within the report, that there are external factors, in particular, the MRA changes that are also required to ensure the REMA recommendations are met and that these are outwith the control of this Modification process. However, the Modification as it now stands can be legitimately placed before the Authority with a recommendation to accept based on information available at present. It is to be expected that the Authority will undoubtedly take the state of the MRA change proposal(s) as well as the REMA recommendations into account in coming to its decision.

The merits of the Modification are sound and British Gas supports this Modification. We believe it is necessary in order to introduce competition in Meter Asset Maintenance and Meter Asset Provision as described in the REMA recommendations. As such, it better facilitates the BSC Objective (c) in Paragraph 3 of Condition C3 of NGC's Transmission Licence.

Yours Faithfully,

Rob Cullender
Senior Account Manager