

Annex B – Responses to Modification Report Consultation Comments

A large number of comments were received from one BSC Party during the Modification Report consultation, some of which related to the content of the Assessment Report presented to the Panel on 12 December 2002, while some reiterated views raised during the Assessment Procedure itself. Where a response is appropriate, the views of BSCCo or the VASMG are printed in italics below each comment.

Extract from consultation response 'P99_DR_004 – Scottish Power'

(Refer to Section 8 of the P99 Modification Report for covering letter)

1. P99 – Comments on P99 Assessment Report

- 1.1 The paper states that
"Aim is to encourage higher levels of performance and reduce unnecessary workloads on participants without reducing the overall level of assurance provided to the industry"

But it will only reduce the supplier's hand-key workload and put extra onus on agents.

The VASMG noted the extra onus on agents but believed the new approach would be more efficient in the long term.

- 1.2 "In relation to the changes to PARMS, the proposer believes that encouraging participants to operate to higher performance standards would improve the operational efficiency of the Trading Arrangements and so would better facilitate Applicable BSC Objectives"

However it is potentially wasting two other resources if both the supplier and agent being reported on have to run reports to monitor the serials submitted against them. Also SVAA have submitted an uncertain response.

Any participant may choose to monitor serial data relating to their performance as it is submitted into PARMS, however such arrangements would be entirely the decision of each Supplier Hub and are not assumed by P99. Once data has been submitted into PARMS the PARMS system will issue a set for each Supplies for optional validation.

The SVAA's additional response to the impact assessment is clear and the requirements have been understood.

- 1.3 "The VASMG recognised that, should the participant costs prove to be excessive, then the ability of P99 to better facilitate the BSC may be compromised...but after further consultation VASMG agreed with P99. The group believed that the development costs that would be incurred by the industry would prove to be reasonable and worthwhile in the long term as the Mod would help to protect the integrity of settlement, reduce existing barriers to entry and help identify and resolve market

issues. The rudimentary costs-benefits analysis undertaken by the VASMG based on these responses indicated that in the long term....”

But it was very basic analysis based on very rough estimated costs and MPAN numbers. It is at too early a stage to make an assessment on cost-benefits as not enough information has been provided so far.

The VASMG made an estimate based on participant responses, known operational issues and costs as well as the members' own experience. Much of the lower-level detail can only be finalised as part of the development process, which in turn may only begin once the Modification Proposal has been approved.

- 1.4 “The Panel believes that the assessment procedure should focus as far as possible on the PAF review rather than the recommendations themselves as they have already undergone extensive industry consultation.”

However, these consultations offered very little chance to comment effectively. Even now the descriptions are too vague to offer constructive comments. Elexon are not responding fully to comments / queries issued already. The PAF review is very supplier focused with little comment sought from agents.

While it is noted that there was a Supplier focus to the PAF Review, Agents were involved in the Review and in the P99 Assessment Procedure, and those that responded were favourable to the proposals.

- 1.5 “VASMG agreed that the current process whereby DAs forward and D0235s, D0095s & D0023s (DC only) exceptions to Elexon should be retained. This will help to keep the workloads of DAs to a minimum.”

How? Elexon are not connected to the DTN so all files either have to be printed off and faxed or copied onto a suitable format and emailed. This will also create extensive problems for Elexon, as the individual files will have to be loaded onto the database.

Why are the weekly iPARMS format not utilised more? This is sent at a DA level just now but could be altered to be sent by suppliers.

The VASMG agreed that the information from the data flows mentioned will not be entered into the PARMS database in the same way as other serials as there are no specific performance levels involved. Therefore, the VASMG would accept an extension to the scope of iPARMS if the technical solution is reasonable and meets the requirements of market monitoring.

- 1.6 “There is a chance that consideration should be given to allocating the various development costs associated with PARMS onto the suppliers.”

But Elexon will not take potential contract timescales into consideration.

The VASMG agreed that it is not possible to allocate development costs on specific Market Participant roles. The timescales for the implementation of P99 were based upon the estimated lead times provided by participants.

- 1.7 “The impact on Suppliers and SMRAs in isolation is relatively small, around £2k-£15k. There is a larger figure (up to £300k) that represents the estimated costs of a supplier agent currently operating as a MO, DC & DA in both HH & NHH markets.

While each supplier may incur an operational cost from each of its supplier agents, the initial start-up costs for a particular agent could be shared across the suppliers according to the number of agent appointments for each. This could help to reduce costs incurred by each supplier."

How? If the costs for the new set-up were spread out this would increase costs for suppliers, as at the moment there is an unofficial arrangement that no agent will charge for provision of PARMS reporting. Also the costs have not taken into account providing the serials in the correct format. Are St Clements still the chosen provider? Have they been asked to provide initial costs?

VASMG will not take contract timescales into account.

The VASMG did not wish to speculate in detail on the agreements, unofficial or otherwise, that may be made between Suppliers and agents, but believed that in theory savings could be made in relation to start-up costs if an agent is required to provide more than one Supplier with PARMS reporting. BSCCo are unaware of any intention by St Clement's Services to offer a revised PARMS service following P99.

- 1.8 "The VASMG estimated that the benefit to industry could amount to a saving of £2m-£5m per year including the value of avoiding Audit qualification on the assumption that the improvements delivered by P99 prove to be useful for at least 2 years."

However all of the savings are against changes to accreditation and Entry Process. There are no savings in the PARMS changes even for suppliers, though improvements to Peer Comparison would be welcome.

The complementary nature of the PAF Review was aimed to allow savings in one area of assurance to offset the costs in another. The VASMG believed that the improved monitoring abilities offered by P99 will help to identify potential settlement issues earlier, and also believe that an effective Peer Comparison facility will help to encourage competition between Suppliers and Agents.

2. General Comments

- 2.1 New NHH & HH Performance targets – Targets for R1-R2 (NHH) and SF (HH) have increased. These increases were not included in the last papers and we have not had an opportunity to comment on them fully. We need to consider the changes carefully as NHHR3 and HHSF have supplier charges attached.

The performance increases with related Supplier Charges were described in the documentation.

- 2.2 Supplier Charges – liable for Agent's late submission. Could set up contracts with Agent for them to pay but these take time.

Suppliers will have time to chase Agents in order to avoid being penalised for late submission. During the 2-month grace period following implementation, Suppliers will have the opportunity to check Agent performance in relation to timely data submission and ensure the process is working correctly. If after the grace period data submissions continue to arrive late, Suppliers will be charged accordingly.

3. Other Supplier & Agent Comments Scottish Power agree with

Aquila – “We would want to continue submitting the reports that would be used to measure us. However, the same report could be produced by another party if required for a comparison exercise”

Npower – “in relation to the overall strategy and Commercial issues, we feel it is highly desirable to resolve as many as possible of the issues before committing to implementation.

- There may be significant contractual issues between suppliers and their agents relating to liability for any inaccuracies in PARMS information submitted to Elexon by Agents directly.
- We believe that the impact of non-compliance's by previous suppliers and or their agents on performance should be considered.”

Seaboard – “It might be useful to provide a full picture if such reporting was also made at GSP level”

Powergen – “We are not yet convinced that this modification meets the relevant objectives”

The views of these participants were discussed by the VASMG during the Assessment Procedure, and those that responded to the Modification Report consultation either accepted the recommendation or made no comment.

4. PARMS Serials: Response to Elexon's response to earlier comments

4.1 DA02

- 4.1.1 Our major concern with this Serial is that it is shifting ownership to the HHDA to find the applicable LLFs from the website when the SMRS has not sent the value. This should not be the case and if the responsibility was to shift in this way then the costs of HHDA's will significantly rise and the costs of distributors will fall without any compensatory reduction in DUOS charges. We therefore believe that this Serial should be removed.

The VASMG note that, although LLFs are now available on the web-site (following Modification P30), there is no obligation for HHDA's to download and apply them if they are not provided as required by SMRS. This serial is intended as a high-level check to see the extent by which default LLFs are being used, so that ELEXON can investigate further to see who is at fault. Although the subject of the serial is the HHDA, it is not intended to target them unfairly without proper consideration of the issues.

- 4.1.2 We are not aware of any evidence or suggestion that HHDA's do not apply LLFs. It is not appropriate to subject HHDA's to extra costs and policing duties when it is recognised that previous problems in this area are not caused by them.

A simpler and less costly way for Elexon to check on this is to add themselves to the recipient list of LLFS in the D0265 flows.

The costs to implement and operate DA02 would be high and cannot be justified. We therefore still consider that this serial should be removed from the set.

The VASMG disagreed and believe the serial is valid.

4.2 HC01

4.2.1 We consider the target of 100% for this Serial to be unrealistic. It is recognised in the industry that there will always be exceptions resulting in a read not being achieved, this should be reflected in the standard.

The PAF Review did not feel it was valid not to have a 100% standard just because there will always be failures. There are other standards of 100% contained in the set of serials. The VASMG concurs with this view.

4.2.2 We have even greater concerns about how the information to report on this Serial could be obtained. The report is on RF and cannot be produced by the HHDC, as the settlements process is an HHDA concept. The D0022 flow does not contain the information required and cannot be sent to the HHDA. Even if the flow was modified, major changes to HHDA would be required in order to handle D0022 flows and produce this report; this would involve substantial costs.

The D0022 flow advises the Supplier that an estimate has been used. Where the HHDC cannot see the reconciliation runs, reporting for the RF run should be submitted by around 292 working days after the Settlement Date. Therefore the HHDC should be able to state whether or not an MSID has gone through Final Reconciliation using data based on estimating technique C (Meter Advance) or below.

4.2.3 It is wrong to suggest that HHDC can have any valid view of RF data submitted by HHDA. HHDCs and HHDA are independent. Further there have now been proposals agreed (CP696) for implementation in February where HHDA will entirely independently create default estimates – so HHDCs will never know. Timing is an issue as the HHDC has no view of when HHDA runs settlement runs. There are frequent mismatches of HHDC and HHDA appointments.

Again the costs to implement this serial would be high without equivalent benefits. We still believe this should be removed.

The VASMG continue to disagree as there are cases where estimated data is still being used at RF and the group believes this is a major issue that requires resolution via the use of a serial.

4.3 SH01

There is a lack of detail on what is expected in this report. How should 'analysed and acted upon by supplier' be interpreted?

Start and End events modified.

The modified version seems to indicate that we must now include every D0235 in this report. The volumes are very significant indeed. The daily volumes are high. This data would have to be stored for the month end, assembled and formatted. This is a high cost prospect.

It should also be recognised that it would be a significant task to separate out the Scottish MPANs to ensure only the E&W ones are sent to Elexon.

This appears to be an improper use and extension of PARMS, a way collecting mass dataflows and building huge files of these to be sent to Elexon each month.

See previous response to comment 1.5.

4.4 SH03/NC01

Our comments on SH01 also apply to NC01 in relation to D0023's and SH03 in relation to D0095's.

Would it not be less costly for Elexon to extend the current iPARMS reports to include supplier and count at each exception code? The suggested PARMS reports must have serious cost implications for Elexon as each individual flow would have to be loaded into the PARMS system. In the last four weeks MANW NHHDA generated 7,700 D0023s. We do not believe Elexon has fully considered how it will cope with this. Also, has consideration been give as to what will happen to iPARMS once the new reports are in place?

See previous response to comment 1.5.

4.5 SP08/SH02

We would like clarification that when 'MSID' is referred to in the title of these Serials, 'MPAN' should in fact be used. We are aware that in the vast majority of areas one MSID has one MPAN. However, in some distribution areas e.g. Manweb area, there are instances of multiple MSIDs (meters) per MPAN. All other reporting is at an MPAN level, so we believe the naming of these Serials is just a terminology issue but should be amended to avoid confusion. We would not be able to provide the data under these Serials on an MSID basis.

We have already received a response from Elexon after our previous SVG comments, which accepted this point and said that the references to MSID would be changed to MPAN. This has not been reflected in Appendix B.

This point was raised during the PAF Review, and the Review's response was that all the serials should use MSID as that is the Code-defined term. The serial is monitoring the percentage of metering systems and associated energy that have been settled using actuals. Therefore it is not appropriate to measure on a 'per MPAN' basis if there may be more than one metering system per MPAN. In today's SVA world, MSID and MPAN should be synonymous and the serial reflects this.

It remains the case that ScottishPower will only be able to report on an MPAN basis and MSIDs will not be considered.

Comment noted. Any problems arising will have to be dealt with on a case by case basis.

4.6 NM04/HM05

We do not agree that in all instances the old MO has an obligation to pass the METDs to the new MO. Particularly in the Half Hourly environment, such information exchange only happens when the MO's share a valid commercial contract. It is therefore not appropriate to have a Serial in this area. The 'immediate transfer of data' in the PSL relates to site technical details (D0215) and not to meter technical details.

BSCP 502 Section 3.2.5.2 states that the old MOA must pass METDs to the NEW MOA. The obligation is on the Supplier to ensure this happens as part of the Hub management.

We still hold the same view and this would unfairly be reflected in serial performance.
The VASMG continue to believe in the validity of this serial.

4.7 NM01/HM01

Our systems do not have the capability to identify which particular D0002 was sent finally resolving an issue from a particular D0001. We do not believe that even substantial change to our systems would allow us to do this. It is likely that changes to the structure or method of populating the D0001 and/or D0002 would be required before this would be possible. We have already received a response from Elexon that suggests a CR could be raised with MRASCo to change the D0002 to amend the way it is populated. This is not referred to in Appendix B.

These serials are being retained from the present set. ELEXON believe it is practicably possible to link each D0002 to the original D0001 by matching the dates and reasons fields. There is a risk that relying on the D0002 on its own may result in D0001s going missing and creating audit trail problems.

The PARMs reports are being modified because they do not work at the moment. Participants are not reporting as they should, often because it is impossible to source the data being requested. It is not sufficient to say that because the serial is in the existing set, then it must be appropriate. To report on this serial accurately would be a significant manually intensive process. The benefits of doing this would not justify the costs.

The VASMG believe this serial is valid and that the relevant data can be obtained with reasonable effort.

5. General comment on revised set of PARMs document:

HC02 - the obligation is on the old DC to send the history. Therefore either the source needs to change to Old DC or the start and end events need to be modified to: Start - Sending of D0170. End - Receipt of D0036

NM03 - the use of the word 'accurate' in the end event is inappropriate, as this cannot be determined by these measures. The end event should say 'sending' instead of 'delivery'

NM04 - end event should say 'sending' instead of 'delivery'

HM01 - start event should say 'sent' instead of 'received and end event should say 'receipt by DC' instead of 'sending by MO'. Alternatively, the source should change to HHMO

HM05 - end event should say 'sending' instead of 'delivery'

The VASMG agreed with these suggestions and the relevant changes will be made to the documentation during implementation.

6. General - Supplier charges:

There is no information as to the level of financial penalties for some of the proposed serials. This makes it difficult for parties to agree to what is in effect a blank cheque. More specifically on D0095s, suppliers with good processes could 'inherit' D0095s and Supplier Charges on gaining customers from errant suppliers. In addition compliance may not be possible where issues are caused by SMRS, NHHDA. Common practice across all NHHDCs could result in D0095s that would attract Supplier Charges. Elexon should assess such areas fully for industry-wide action before implementing Supplier Charges for D0095s.

The VASMG agreed that, other than changes to Supplier Charges described in the legal text, no other charges should be applied to any of the other serials as part of P99. Therefore, no Charges are to be applied in relation to D0095s.