MODIFICATION REPORT for Modification Proposal P223 'Profile Administration Service'

Prepared by: ELEXON[1] on behalf of the BSC Panel

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This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.[2]

Proposed Modification P223 seeks to improve the accuracy of the profiles used to settle Non Half Hourly (NHH) consumption, by ensuring that a random and representative sample of customers is created and maintained. To resolve existing difficulties experienced by the Profile Administrator (PrA) in identifying and recruiting the appropriate customers to achieve such a sample, P223 proposes to make Suppliers responsible for annually recruiting new customers to address any shortfall or deficiency in the profiling sample. Suppliers will also be responsible for replacing these customers' existing NHH Settlement meters with Half Hourly (HH) capable meters, so that HH consumption data can be collected for profiling alongside the normal NHH data used in Settlement. Upon a Change of Supplier (CoS), the New Supplier is required to either retain the existing customer in the sample or to nominate a replacement customer. The PrA is responsible for identifying that a CoS has occurred and will contact the New Supplier.

Suppliers have the choice to either use their own Party Agents to provide/install the necessary meters and collect the HH data (in which case they will be reimbursed for these costs), or to use the PrA's nominated agents free of charge for these services as well as normal NHH data collection.

Alternative Modification P223 is identical to the Proposed Modification except that, where a CoS occurs, no action is taken to retain the customer and the customer is lost from the profiling sample. The resulting shortfall in sample numbers is then taken into account in the following year's annual recruitment exercise, when a replacement customer will be recruited.

BSC PANEL'S RECOMMENDATIONS

Having considered and taken into due account the content of the P223 draft Modification Report, the BSC Panel recommends:

- That Alternative Modification P223 **should** be made; and
- That Proposed Modification P223 **should not** be made.

The rationale for this recommendation can be found in Section 6.2 of this document.

[1] ELEXON Ltd fulfils the role of the Balancing and Settlement Code Company ('BSCCo').
[2] The current version of the Code can be found at http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx

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HIGH LEVEL SUMMARY

Background

P223 has been raised by the BSC Panel (on the recommendation of BSCCo[3]), following Issue 29 'Profile Administration (PrA) Model', to address issues with the current Profile Administration process which have led to a deterioration in profiling accuracy in Settlement.

High Level Analysis

Objective:

- To increase the accuracy and quality of the profiling data used in Settlement by ensuring that a random and representative sample of customers (needed to produce profiling data) can be created and maintained.

Strategy:

- To place responsibility on Suppliers to provide suitable customers so that a random and representative load research sample can be maintained and to collect the required consumption data from these customers.

Method:

- Use Modification Group meetings to develop solutions to the proposals in P223 and to identify and troubleshoot any critical areas and any potential problems in the solution;
- Issue a consultation to elicit views from the industry;
- Issue an impact assessment to identify industry implementation costs and lead times;
- Undertake modelling to quantify the potential benefits of improved P223 profiling accuracy to Suppliers, as well as any central efficiency savings to the PrA and ELEXON (the 'cost-benefit analysis');
- Provide a report to the Panel on the findings of the Modification Group as to whether P223 (Proposed and Alternative Modifications) better facilitates the achievement of Applicable BSC Objectives; and
- Put finalised obligations in the Balancing and Settlement Code (BSC) and Code Subsidiary Documents (CSDs) subject to P223 being recommended by the Modification Group and Panel, and approved by the Authority.

Impacts

Industry:

- Suppliers;
- The PrA;
- Non Half Hourly Data Collectors (NHHDCs);
- Meter Asset Providers (MAPs);
- Meter Operator Agents (MOAs); and
- BSCCo.

**Non Half Hourly Data Aggregators (NHHDAs) are not directly impacted but may wish to read Sections 7.6 – 7.11 of the Assessment Report (Appendix 3).*

[3] The Balancing and Settlement Code Company (ELEXON).

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Documentation:

- Section S of the BSC;
- BSC Procedures (BSCPs) 504, 510 and 514; and
- The PrA's Service Description.

Further detail can be found in Appendix 3.

Costs

Central implementation costs:

- BSCCo: £20-30k (Proposed and Alternative Modifications)
- PrA: £5-10k (Proposed and Alternative Modifications)

Operational Costs (per year):

- BSCCo: £5k (Proposed and Alternative Modifications)
- PrA: £20-100k (Proposed Modification) to £45-200k (Alternative Modification) – representing 'worst case scenario' costs of replacing customers lost on a Change of Supplier (CoS), increasing year on year as the proportion of the sample recruited under the P223 process becomes larger.

Supplier/Supplier Agent implementation costs:

Costs provided in the impact assessment ranged from minimal costs for some Suppliers/agents, to £ 500k for one large Supplier. Further information can be found in Appendix 3.

Benefits and Drawbacks under Applicable BSC Objectives (c) and/or (d) as identified by the Panel and Modification Group
(Summary of the arguements in Section 5 and 6. The views contained below were not shared by all members)

Benefits:	Drawbacks:
• The current process is untenable in the long term and could lead to further deterioration in profiling accuracy. Short term measures will not address the issues with the PrA process; • No obvious alternatives to P223 approach identified in previous Standing Issue/Supplier Volume Allocation Group discussions; • Suppliers able to recruit more representative sample than PrA, as Suppliers have a larger 'pool' of customers from which to target appropriate customers (therefore more efficient process); • Not believed to be onerous on Suppliers as only a small proportion of Suppliers' customers would be recruited; • P223 process more efficient due to use of single meter (resolving most space issues) and use of Supplier Agents to provide consumption data to PrA; • Recruitment/space benefits will be seen immediately; • More representative sample will lead to improvement in	• Effort and cost required by Suppliers/Supplier Agents to implement and operate P223 arrangements. P223 process is more efficient for PrA but not necessarily for Suppliers/Agents; • Not proven that Suppliers will be more successful than PrA in recruiting customers/installing meters, therefore benefits of improved profile accuracy (e.g. reduction in potential imbalance exposure) may not be obtained; • Suppliers still likely to encounter resistance from customers to meter replacement – some Suppliers may choose to offer financial incentives to overcome access issues (though not a P223 requirement); • The need to retain/replace customers under the Proposed Modification on CoS

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profiling accuracy; • Improved accuracy gives reduction in volatility in Grid Supply Point (GSP) Group Correction Factors; • Enables Suppliers to forecast their market imbalance positions more accurately; • Resulting reduction in Suppliers' potential imbalance exposure/risk; • Reduced imbalance risk may have greatest benefit for small niche Suppliers who are less able to absorb volatility; • Natural incentive on Suppliers to support P223 as impacted by inaccurate profiles; • P223 costs are less than financial effects of inaccurate profiles; • Compatible with future national smart metering roll-out, as utilises Half Hourly capable meters. Profiles will still be needed as long as most domestic customers consumption continues to be settled on a Non Half Hourly basis; • Facilitates other types of potential sampling in the future – e.g. for Export metering; • Proposed Modification enables retention of customers on CoS, minimising customer churn (more efficient); • Alternative Modification more pragmatic in that avoids costs/complexity to Suppliers of retaining/replacing customers on CoS. • The Group acknowledges that the current profiles are inaccurate and strongly supports the principle of achieving accurate profiling through the establishment of a random representative sample.	is an overly complex and inefficient process which will have effort and cost implications for Suppliers. Potential increase in central costs under the Alternative Modification, due to higher numbers of customers being lost on a CoS and thereby higher numbers of replacement customers being recruited; • Any benefits of improved profiling accuracy won't materialise until 2 years after implementation, as customers first need to be recruited and a year's worth of data collected; • Putting obligations on Suppliers is not the best solution to the current inaccurate profiles, as it is just moving the issues elsewhere.

Quantifiable benefits (Appendix 4)
Estimated total Potential Supplier Benefit / Estimated reduction to Imbalance exposure (first year of implementation) £2.3m – £12.1m These estimated benefits are for all Suppliers across all GSP Groups. It is believed that an improvement in profiling accuracy will lead to less volatility in GSP Group Correction Factors and thereby less potential exposure to imbalance costs. The benefit to individual Suppliers depends on their Market Share and the forecasting capability of the Supplier. **Central Cost Savings to PrA/BSCCo (per year):** £20k These represent short-term savings. In the longer term the savings may be greater as the proportion of 'old' customers in the sample reduces, and following the reprocurement of the PrA service in 2009/2010.

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Implementation approach
The BSC Panel recommends the following Implementation Dates: • **1 December 2009** if P223 is approved by 27 November 2008. Draft redlined BSCP changes would be available in February 2009 and finalised in March 2009. The first P223 customer recruitment requests would be sent to Suppliers in January 2010. • **1 April 2010** if P223 is approved after 27 November 2008 but by 5 March 2009. Draft redlined BSCP changes would be available 9 months before implementation, and the first P223 customer recruitment requests would be sent to Suppliers in January 2011. The Panel's preference, which mirrors the Modification Group and consultation respondents, is for the 1 December 2009 date as this allows earlier realisation of any benefits. Further detail can be found in Section 4 of this document.

The Panel's Recommendation
The final views of the BSC Panel are: • A **unanimous** view that both the Proposed and Alternative Modifications are better than the current arrangements; • A **minority** view that the Proposed Modification is better than the Alternative Modification; and • A **majority** view that the Alternative Modification is better than the Proposed Modification. The Panel's final view by majority is that the **P223 Alternative Modification SHOULD be made**.

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1 BACKGROUND

The intention of profiling is to represent the consumption of electricity usage across the country. However, issues with the profiling service have been recognised by the industry for a number of years and have been the subject of discussions at several Supplier Volume Allocation Group (SVG) meetings, resulting in two Standing Issues (Issue 21 and 29) being debated by industry expert groups.

The identified issues with the Profile Administration process focus mainly on concerns over data collection equipment and sample recruitment. It is believed that these issues have historically led to dwindling sample sizes, and consequently degradation in the data accuracy of load research samples, as the Profile Administrator (PrA) is unable to target the appropriate type and number of customers to achieve the required sample.

Many of the issues experienced by the PrA in recruiting customers into the profiling sample are believed to result from the PrA's lack of prior relationship with customers. Such issues include an inability to 'cold call' certain customers, data protection of customer information, lack of access to customer sites and unwillingness of customers to sign terms and conditions with the PrA who is seen as an unknown entity.

Issue 21 'Scope of Profiling Administration Service' suggested short term solutions to boost sample numbers such as providing financial incentives to customers to take part in the profiling sample, but these suggestions have met with limited success which in turn has lead to a less representative sample.

Issue 29 'Profile Administration Model' developed a new PrA process for recruiting a random representative sample and recommended that a Modification be raised to resolve the concerns surrounding profiling. In turn, the Panel duly raised P223 on 10 April 2008, on the recommendation of BSCCo, seeking to implement the 'straw man' solution developed by the Issue 29 Group.

The principle of P223 is to improve the profiling process by placing 3 obligations on Suppliers which will utilise the existing Supplier – Customer relationship. In summary these obligations are:

1. Annual recruitment of customers to the profiling sample, based on targets set by the PrA/BSCCo according to the sample shortfall/requirements and the Supplier's market share (begins in December each year);
2. Replace the customers existing Non Half Hourly (NHH) Settlement meters with meters which are capable of recording both NHH consumption data for normal Settlement purposes and HH consumption data for profiling purposes (completed by April each year); and
3. Collect HH profiling data for the PrA in addition to the normal NHH Settlement data (begins from April each year).

For further detail on issues encountered by the PrA and the background to P223 please see the P223 Assessment Report (Appendix 3 of this document)

2 DESCRIPTION OF MODIFICATION

This section outlines the solution for the Proposed and Alternative Modifications as developed by the Modification Group ('the Group'). For a full description of the original Modification Proposal as submitted by the Panel ('the Proposer'), please refer to the P223 Initial Written Assessment (IWA, Reference 1).

P223 will require Suppliers to randomly select MSIDs from their own customer records which are suitable to partake in the PrA sample. Such selections should not be biased towards any particular subset of a Supplier's portfolio, e.g. customer type or GSP Group.

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2.1 Proposed Modification

The Proposed Modification seeks to replace the current PrA process of recruiting new customers/MSIDs with one that is based on the Issue 29 straw man. Under this process there would be:

1) An annual obligation on Suppliers to randomly select a proportion of their own customers to participate in the profiling sample, based on targets set by the PrA/BSCCo according to the sample shortfall/requirements and the Supplier's market share;

2) A one-off obligation on Suppliers (via their appointed Meter Asset Provider (MAP) / Meter Operator Agent (MOA)) to replace these customers' existing Settlement meters with meters which are capable of recording both NHH consumption data for normal Settlement purposes and HH consumption data for profiling purposes;

3) An ongoing obligation on Suppliers (via their appointed Non Half Hourly Data Collector (NHHDC)) to remotely collect the recorded HH data from these meters and provide this to the PrA on a monthly basis, in addition to collecting normal NHH data for the customers under the existing Settlement processes;

4) An ongoing obligation on the PrA to identify a Change of Supplier (CoS) for any customer within the profiling sample, and to contact the New Supplier for that customer;

5) An ad-hoc obligation on the New Supplier for a customer in the profiling sample after a CoS to either:

    a) Retain that customer in the sample; or

    b) Randomly select another of their customers to participate in the sample (in which case obligations 2) and 3) above will apply); and

6) An annual obligation on Suppliers to confirm whether there has been a Change of Tenant for any of their customers within the profiling sample, and for the PrA to assess the continuing suitability of any such customer for the sample (to feed into the annual recruitment process outlined in 1) above).

In order to fulfil obligations 2 and 3, the Supplier can choose to:

i) Appoint the PrA's own nominated agents (MAP, MOA, NHHDC and Non Half Hourly Data Aggregator (NHHDA)) to install the metering and collect both NHH and HH data. Under this option the PrA will bear the entire cost of these agent services, and there will be no direct charge to the Supplier; or

ii) Appoint its own preferred Supplier Agents (MAP, MOA, NHHDC and NHHDA) to install the metering and collect both NHH and HH data. Under this option the PrA will reimburse the Supplier for the cost of the meter, and will provide an annual rebate to the Supplier (based on an amount determined by the PrA) to cover the cost of installing the meter, the associated MOA costs, and the airtime and dial cost of the NHHDC in obtaining the HH data. The rebate will exclude normal NHH data collection and NHHDA costs, since no changes are proposed to these processes.

Regardless of the chosen option, all of these agents (MAP, MOA, NHHDC and NHHDA) must be either the PrA's or the Supplier's. There is no option to mix the agents (i.e. choose the PrA's NHHDC and MOA but retain the services of the Supplier's NHHDC).

2.2 Alternative Modification

The Alternative Modification is identical to the Proposed Modification other than where a CoS is concerned. Under the Alternative Modification where a CoS occurs, the customer will automatically be lost from the PrA sample.

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There will be no obligation on the Old Supplier, New Supplier or PrA to retain the customer. The meter will therefore be classed by the Old Supplier/PrA as a lost asset and the New Supplier will take ongoing responsibility for the maintenance of that meter under existing industry processes. There will be no responsibility on the Old or New Supplier to provide a replacement customer following a CoS.

This shortfall will be taken into account at the following year's sample recruitment process, where the number of required customers will again be pro-rated across all Suppliers by market share.

3 AREAS RAISED BY THE TERMS OF REFERENCE

The following areas were considered by the Modification Group during the Assessment Procedure for P223:

- The detailed solution requirements to support the Issue 29 'straw man', including:
  - The most appropriate line of communication between Suppliers, Party Agents and the PrA (including whether any changes may be required to the Master Registration Agreement's (MRA) Data Transfer Catalogue (DTC) or Data Transfer Network (DTN));
  - The process by which the PrA informs Suppliers which Participant Samples are required;
  - How Suppliers would utilise the option to use the PrA's Party Agents (NHHDC, NHHDA and MOA);
  - Whether there is an issue with P223 introducing the retrospective appointment of MOAs;
  - How the proposed P223 process would interact with a Change of Supplier, Change of Supplier Agent or/and Change of Tenant, to ensure continuity of a participant in a Sample; and
  - The minimum metering requirements to collect HH consumption data from NHH customers.
- Confirm whether P223 solution creates any barriers to any industry-wide smart meter roll-out which may occur within the next few years (including any specific considerations in this area which may arise for individual Profile Classes or types of customers)[4];
- Whether placing a Code obligation on Suppliers to install certain metering is compatible with existing primary legislation;
- A cost-benefit analysis of P223, to be undertaken by:
  - Establishing when the benefits of P223 will be realised in practice, and considering whether these benefits are likely to continue to be realised in the long term (e.g. will the P223 solution become redundant under an industry-wide smart meter roll-out?);
  - Establishing any central cost/effort savings to the PrA/BSCCo which will occur as a result of P223;
  - Modelling hypothetical scenarios to attempt to identify the materiality of the issue/defect identified by P223 and its impact on types of participant; and
  - The implementation costs to Suppliers and Supplier Agents from P223, over and above the current costs of supporting Suppliers' existing Code obligations in relation to profiling.
- Whether there may be any Alternative Modification which better facilitates the achievement of the Applicable BSC Objectives when compared to the Proposed Modification, in relation to the defect identified in the Modification Proposal.

[4] Please note that this depends on the forthcoming decision from BERR on smart metering.

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4 IMPLEMENTATION APPROACH AND COSTS

4.1 The Panel's/Modification Group's Recommended Implementation Date

The P223 Implementation Dates are:

- **1 December 2009** if P223 is approved by 27 November 2008. Draft redlined BSCP changes would be available in February 2009 and finalised in March 2009. The first P223 customer recruitment requests would be sent to Suppliers in January 2010.

  This is the Panel's preferred implementation date as this allows for earlier realisation of any benefits. Additionally, this would tie in with the current PrA process which begins in December 2009 and it is believed that this provides a reasonable balance between system development and the realisation of benefits.

- **1 April 2010** if P223 is approved after 27 November 2008 but by 5 March 2009. Draft redlined BSCP changes would be available 9 months before implementation, and the first P223 customer recruitment requests would be sent to Suppliers in January 2011.

  This is the fall-back date provided by the Panel/ Modification Group. It was noted that the standard BSC releases of February and June 2010 were not appropriate due to proximity with the start of the new PrA contract in April 2010. It was therefore deemed more efficient to use the date of April 2010 in order to tie the implementation date with the start date of the new PrA contract.

4.2 Implementation costs for Proposed/ Alternative Modification

The tables below show the estimated 'one-off' central implementation and ongoing operational costs for the PrA and BSCCo under P223.

The proposed implementation date has no bearing on the costs. However, a BSCCo cost range is provided, as costs will be lower if other changes are implemented in the same period allowing project overheads to be shared. The actual cost to BSCCo is therefore likely to be somewhere between the 'implemented alone' and 'shared overhead' costs.

The implementation costs are the same for both the Proposed Modification and Alternative Modification. However, the ongoing operational costs of the Alternative Modification will be higher since more customers will be 'lost' from the sample on a CoS, and the PrA will therefore need to fund the installation of additional meters for the replacement customers (see cost-benefit analysis Appendix 4).

PROPOSED/ALTERNATIVE MODIFICATION IMPLEMENTATION COSTS			
	Dec 2009 or Apr 2010 (implemented alone)	Dec 2009 or Apr 2010 (shared overheads)	Tolerance
PrA Implementation Cost	£5,000 - £10,000	£5,000 - £10,000	+/- 30%
BSCCo Implementation Resource/Cost	131 Man days (£28,820)	131 Man days (£28,820)	
Total Implementation Cost	£38,820	£38,820	

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PROPOSED / ALTERNATIVE MODIFICATION OPERATIONAL COSTS			
			Tolerance
Proposed	PrA Operational Cost	£20,000 - £100,000	+/- 30%
	BSCCo Operational Cost	£3,300	
Alternative	PrA Operational Cost	£45,000 - £200,000	+/- 30%
	BSCCo Operational Cost	£3,300	

a) PrA Impact

The PrA would be required to amend its processes to support P223. Many of the processes are variants on those already undertaken by the PrA, and have minimal impact. In addition, until such time as 100% of the sample has been replaced under the P223 process, the PrA will need to continue to act as data retriever for existing customers' secondary metering. The implementation costs are driven by the need to establish processes to support the new P223 communications with Suppliers and Supplier Agents. The operational costs reflect the need to support the annual recruitment round and to calculate the annual rebate amounts to Suppliers for the costs of meters/agent services. They also reflect the possible 'churn rate' of customers lost from the sample on a CoS, since replacement customers will need to be recruited and additional meters installed and funded by the PrA.

b) BSC Party and Party Agent Impact

With the exception of one respondent, Party/Party Agent impact assessment respondents stated that they would be impacted by P223 in varying degrees. Generally the smaller Suppliers indicated that they would be able to support P223 through manual processes at low cost, whilst larger Suppliers (given the greater number of customers involved) would need to implement system changes in order to support the different treatment of sample customers compared with the rest of their portfolio. Costs quoted ranged from £600 to £350k, and generally varied significantly by Supplier.

c) Transmission Company Impact

The Transmission Company has indicated in their assessment that P223 has no impact on its activities, systems or documentation, and that no costs would therefore be incurred.

It has also noted that both the Proposed and Alternative Modifications seek to address a valid issue and as such it believes that P223 better facilitates the Applicable BSC Objectives.

However, the Transmission Company has not distinguished which of the two proposals would better facilitate the Applicable BSC Objectives, due to its unfamiliarity with the issues.

d) BSCCo Impact

BSCCo would be required to:

- Make changes to the impacted Code Subsidiary Documents (CSDs);
- Update Local Working Instructions (LWIs) to reflect the new processes; and
- Manage the implementation project, including amending the PrA contract and overseeing the PrA's implementation activities.

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5 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

5.1 Conclusion

The **MINORITY** view of the Group is that the Proposed Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the existing arrangements (some members believed that both (c) and (d) were better facilitated, whilst others believed that benefits under (c) would be outweighed by disadvantages under (d) due to the perceived inefficiencies for Suppliers of the CoS process);

The **UNANIMOUS** view of the Group is that the Alternative Modification would better facilitate Applicable BSC Objectives (c) and/or (d) when compared with the existing arrangements (members gave different weight to the two Objectives, with some believing that improvements would be marginal while others identified more significant benefits); and

The **UNANIMOUS** view of the Group is that the Alternative Modification would better facilitate Applicable BSC Objectives (c) and/or (d) when compared with the Proposed Modification, due to the different treatment of customers under a CoS event.

The Group also unanimously agreed that the importance of P223 was the principle of accurate profiling, and not just financial benefits to Suppliers.

5.2 Proposed/Alternative vs. current arrangements

The table below shows the final views expressed by members for and against P223, both Proposed and Alternative, when compared with the current arrangements.

Objective	For	Against
Applicable BSC Objective (c)	• Current process is untenable and if P223 is rejected could lead to further deterioration in profiling accuracy; • Current inaccurate profiles are anti-competitive as they expose Suppliers to volatility in Group Correction Factors, and thereby the risk of being exposed to imbalance for volumes unrelated to their actual position if they cannot predict this effect; • Inaccurate profiles are also anti-competitive as small Suppliers are less able to absorb this imbalance risk – more accurate profiles help give 'level playing field'; • P223 would enable the recruitment of a more representative sample, leading to improved profiling accuracy and reduction in Supplier imbalance risk by less Group Correction Factor volatility (benefit greatest for small niche Suppliers); • Enables more 'correct' allocation of energy in Settlement, helping Suppliers to forecast their positions more accurately; • P223 Supplier/agent implementation costs are less than financial effects of inaccurate profiles; • Should be a natural incentive on Suppliers to support P223, as they are the most impacted by inaccurate profiles.	• Effort and cost required by Suppliers/Supplier Agents to implement and operate P223 arrangements; • Not proven that Suppliers will be more successful than PrA in recruiting customers/installing meters, and that benefits of improved profile accuracy (e.g. reduction in imbalance exposure) will therefore be obtained; • Any benefits of improved profiling accuracy will not materialise until 2 years after implementation (as first need to recruit customers and collect a year's worth of data).

Objective	For	Against
Applicable BSC Objective (d)	• P223 costs are less than the financial effects of inaccurate profiles on Suppliers; • Suppliers able to recruit more representative sample than PrA, as have larger 'pool', the consumption info needed to target appropriate customers and an existing relationship with those customers – therefore P223 is more efficient process; • Suppliers do not need customer's permission to put them in sample and install the HH capable meter – can be undertaken as a normal meter replacement and covered through Suppliers' Terms and Conditions with their customers; • The existence of current smart metering trials demonstrates that it is possible for Suppliers to install and retrieve data from HH meters • Only a small proportion of a Supplier's customers would need to be recruited – not onerous; • Efficient method of data collection and providing this data to the PrA as opposed to the current arrangements where the PrA has to collect data additionally to the Supplier's NHHDC; • P223 process more efficient due to use of single meter (resolving current space issues with secondary meters); • Recruitment/space benefits will be seen immediately; • Customers are suspicious about intrusion; it will appear less threatening to a customer when dealing with a known Supplier than when dealing with the PrA; • The existing Supplier-customer relationship can mean that a customer is more willing to allow a meter exchange in the knowledge that there will be a short loss of supply to the customer's premises; • No obvious alternatives to P223 approach were identified in previous SVG discussions or Standing Issues 21 and 29; • P223 is compatible with a future national smart metering roll-out, as the solution utilises HH capable meters; • Even if all domestic customers had smart meters, profiles would still be needed in the longer-term while these customers' consumption continues to be settled on a NHH basis; • P223 process facilitates other types of potential sampling in the future – e.g. for Export metering/microgeneration. • The Group acknowledges that the current profiles are inaccurate and strongly supports the principle of achieving accurate profiling through the establishment of a random, representative sample.	• Effort and cost required by Suppliers/Supplier Agents to implement and operate P223 arrangements – P223 process more efficient for PrA but not necessarily for Suppliers/agents; • Not proven that Suppliers will be more successful than PrA in recruiting customers/installing meters, and that the benefits of improved profile accuracy will therefore be obtained; • Uncomfortable with not telling customers that they are in the sample, as could affect Supplier's reputation – some Suppliers may therefore ask for customer consent (although not a P223 requirement), and be dependent on this in the same way PrA is now; • Suppliers likely to still encounter resistance from customers to meter replacement – some Suppliers may choose to offer financial incentives to overcome access issues (though this is not a P223 requirement); • Effort and cost implications for Suppliers in needing process to retain/replace customers under the Proposed Modification on CoS – overly complex and inefficient process; • Is putting obligations on Suppliers the best solution to the current inaccurate profiles, or is this moving issues elsewhere?
Overall	**Unanimous support for Alternative Modification; Minority support for Proposed Modification**	

5.3 Proposed vs. Alternative

The table below shows the Group's views on the relative merits of the Proposed Modification and Alternative Modification **compared with each other**, rather than with the current arrangements.

Objective	For Alternative Modification	For Proposed Modification
Applicable BSC Objective (c)	• Less effort/cost implications for Suppliers as removes the need to retain/replace customers throughout a year following a CoS.	• Proposed Modification gives ability to retain customer on CoS, mitigating impact of sample 'churn' on amount/quality of data received in a given year and therefore maximising benefits of more accurate profiles.
Applicable BSC Objective (d)	• Alternative is more efficient/workable, as removes the CoS implications for Suppliers during a year. • Although Alternative requires recruitment of additional customers at end of year (to replace those lost on CoS), and results in the meters of the 'lost' customers becoming stranded assets, this may become less of an issue over time as smart meters become more common amongst customers and can act as the 'HH capable' meter for profiling purposes.	• More efficient to give the ability to retain the customer on a CoS under the Proposed Modification. Alternative will have higher central costs (due to need to install additional meters to replace those lost on Cos), which will ultimately be recouped from Parties.
Overall	**UNANIMOUS SUPPORT FOR ALTERNATIVE MODIFICATION** over Proposed Modification	

5.4 Legal Text

BSCCo developed the draft legal text for P223 and provided an explanation of this to the Modification Group at the final P223 meeting. The Group reviewed the draft legal text by correspondence and unanimously agreed that the draft Legal text delivered the intended solution.

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6 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

6.1 Panel's Consideration of Assessment Report

The Panel considered the P223 Assessment Report at its meeting on 14 August 2008. This section summarises the Panel's discussions in formulating its provisional recommendation for inclusion in the draft Modification Report.

6.1.1 Concerns surrounding disclosure and consent

Some Panel Members raised the issue of whether the consent of customers was a requirement in order for them to participate in the profiling sample.

Currently, the PrA requires a customer's consent to participate in the profiling sample, and to have the relevant metering installed at their premises. Under P223, Suppliers would be obligated to recruit suitable customers to the profiling sample and install the relevant meter equipment, but would not be obligated to gain the customers consent before doing so.

The Panel expressed concerns that customers may not know that their consumption data was being used for sampling purposes and if customers should give their consent prior to any sampling.

The issue of consent had previously been discussed by the Modification Group who sought Legal Advice. The Legal advice received stated that the issue of customer consent was a matter to be resolved by each Supplier in the context of the Supplier's terms and conditions which govern the Supplier/Customer relationship, in the light of relevant legislative requirements.

Suppliers are therefore advised to analyse their terms and conditions in order to establish whether they enable customers' participation in the profiling sample, without express consent.

Notwithstanding the issue of whether the consent of customers (express or otherwise) is required, the Panel expressed its desire for Suppliers, as a matter of good practice, to inform customers in advance that they were participating in the profiling sample. The Panel also requested that the Authority urge Suppliers to keep an open and transparent relationship by informing the customers of their participation, where applicable, should P223 be approved.

6.1.2 Implementation Date

The Panel agreed with the Modification Group's preferred Implementation date of 1 December 2009. It should be noted that to implement P223 on this date, Ofgem would be required to provide a decision within 2.5 months of the P223 Modification Report being submitted (September 2008). The Ofgem representative present at the Panel meeting believed that these timescales did not pose any difficulty in the provision of a decision on P223.

6.1.3 Cost benefit analysis

One Panel member requested clarification on the Cost Benefit Analysis that was developed by ELEXON. It was explained that the figures of £2.3 -12.1 million were based on an estimated reduction in exposure to imbalance that would be faced by all Suppliers, across all GSP groups.

6.1.4 Concerns on the profiling sample size and nature

There were some concerns that, under the Alternative modification, excluding customers from the sample on a CoS would have a negative effect on profiling data. It was felt that if customers changed their Supplier in 'Month 1' then their data would be lost from the sample until a replacement customer is recruited in 'Month 12'.

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Both BSCCo and the Modification noted that this was concern. However, it is believed that the current contingency within the sample size (current sample size is set 17% higher than required), would mitigate some of the customer churn that may be experienced. It was also noted that the Modification Group had considered increasing the sample size but deemed this unnecessary as the SVG have the power to increase sample sizes if required.

6.1.5 Legal Text

The Panel reviewed and agreed that the draft text addresses the defect identified by the Modification.

6.1.6 Applicable BSC Objectives

The Panel unanimously agreed that both the Proposed and Alternative P223 Modifications better facilitated the BSC Objectives (c) and (d) when compared to the current arrangements. The views made by the Panel, 'for and against' implementing P223 were the same as that made by the Modification Group (Please refer to Section 5 for further details). However they believed that these points applied equally to the Proposed and the Alternative Modifications.

The Panel compared the Proposed and Alternative Modifications and concluded that the Proposed Modification better facilitated BSC Objective (d).

The reasons for the Panel's majority preference of the Proposed over Alternative are listed below:

- Some members believed that the Alternative Modification would have a disruptive effect on the random representative sample, as customers would be lost from the sample on a CoS. One member felt that this would dilute the profile sample as 12 months worth of data must be obtained before any data that is collected, is valid;
- It was believed by some members to be inefficient to replace meters that are compliant with P223 to those that may be inferior, on a CoS; and
- One member believed that the administrative impact of losing 19% of P223 recruited customers was less than retaining the customers on CoS.

The Panel noted the Modification Group's and respondents' overall preference for the Alternative Modification based upon efficiency. However they were unsure on why excluding a customer at CoS was more efficient than retaining a customer. As a result, some members requested that a specific question be asked in the P223 Report Phase consultation enquiring further details on the respondents' preference to the Alternative Modification, including the administrative issues involved, and their relative costs and merits.

6.1.7 Conclusions

The Panel concluded that the Report consultation should seek clarification of arguments for the Alternative and Proposed around the respective costs of losing a customer from the sample (Alternative) versus retaining customers (Proposed). As a consequence questions were included in the Report Phase consultation to seek these views.

The Panel also emphasised that Suppliers should revisit their terms and conditions in respect of informing customers what their consumption data was being used for.

Although the Panel voted by majority in favour of the Proposed, they noted the possibility to change their preference should the report consultation responses provide compelling quantifiable benefits in favour of the Alternate Modification.

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6.1.8 Provisional recommendation to the Authority

The Panel therefore agreed a majority provisional recommendation to the Authority that:

- The Proposed Modification **SHOULD** be made and that the Alternative Modification **SHOULD NOT** be made.

6.2 Results of Report Phase Consultation

10 responses were received to the P223 Report Phase consultation. Respondents did not provide any new arguments when compared to those received as part of the Assessment Report consultation or those made by the P223 Modification Group. However, further clarification and detailed rationale have been obtained regarding respondents preference for the Proposed or Alternative Modifications.

Both the Proposed and Alternative Modifications are identical except where a CoS is concerned:

- Under the Proposed Modification, the PrA identifies that a CoS has occurred and contacts the new Supplier. The New Supplier is required to either retain the existing customer in the sample or to nominate a replacement customer. Suppliers, who choose to do so, will have to recruit new Customers into the sample on an ad-hoc basis whenever there is a CoS.
- Under the Alternative Modification, there is no option to retain the customer and the customer is lost from the profiling sample. The PrA records the loss of customers and make sure that the resulting shortfall in sample numbers is taken into account in the following year's annual recruitment exercise, when a replacement customer will be recruited.

A summary of the consultation responses received is listed by question below. Further information can be found in Appendix 5 of this document.

6.2.1 Should the Proposed Modification or Alternative Modification be made?

The following sub section combines questions 1 and 2 of the Report Phase consultation, noting Respondents views on the Panel's provisional recommendation that the Proposed Modification should be made and the Alternative Modification should not be made.

For Proposed	For Alternative	Neither
2	5	3

The majority of respondents did not agree with the Panel's view that the Proposed Modification should be made. Respondents supported the Alternative Modification and agreed with the arguments made by the P223 Modification Group. The views of these respondents are noted below:

1. Respondents believed that the Proposed Modification CoS event created an additional layer of complexity for Suppliers, particularly as Suppliers would have to undertake the recruitment of customers into the sample on an ad-hoc basis rather than annually (as under the Alternative). Suppliers noted that to automate a process for CoS event would require significant system development and in turn increase costs. It was also noted that any manual process would be resource intensive.
2. It was believed that the PrA may not identify a CoS quickly and by the time the PrA notifies the new Supplier that the customer/meter are part of the profiling sample, the new Supplier may have removed that meter.
3. The Proposed CoS process is designed to maintain the sample size but not necessarily the same customer population, as some customers would be replaced (Suppliers select new candidates after

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the existing customer is lost from the profiling sample). As a consequence it was felt that the data obtained would not be consistent and lose integrity;

4. It was felt that it would be easier to replace the shortfall on a yearly one-off basis rather than to find replacements on CoS and that the current sample size, and its built in contingency, should make sufficient allowance for customer churn;

5. Larger Suppliers would be unable to manage manual processes effectively under the Proposed Modification, and the cost to manage a small number of customers from the current profiling sample (2,500 customers with an estimated annual churn rate of 19%) would require significant system development costs; and

6. One respondent stated that while the Alternative Modification did not better facilitate the Applicable BSC Objectives, it was easier to implement when compared to the Proposed Modification for the same reasons that are listed above.

However, some respondents did agree with the Panels recommendation that the Proposed Modification should be made and that the Alternative Modification should not be made. Their views are noted below:

1. Respondents indicated that the Alternative Modification is an inefficient process as it increases the occurrences of customers and meters that are lost on a CoS. This would lead to increased central costs (for replacement meters) and effort in recruiting customers in the following year to make up for the shortfall in customer numbers. It was stated that smart meters should be capable of being adapted for the purpose of profiling and it would be inefficient for such meters to become redundant or changed when a CoS occurs;

2. The Proposed Modification should enable the sample size to be maintained regardless of the number of CoS events and whether original Sample Participants are lost from the sample, as replacement participants would be provided under the Proposed Modification.

There were some respondents who did not support either the Proposed or the Alternative Modification. The reasons provided were that the cost benefit analysis undertaken by the Modification Group, and endorsed by the majority of the industry, is not statistically robust. While there was acknowledgment with the principle, where better sampling improves profiling accuracy, respondents stated that there was no evidence to support this principle and as a result remained unconvinced that P223 would better facilitate the Applicable BSC Objectives when compared to the current arrangements.

In addition to the above views, one respondent highlighted the issue of exclusivity arrangements mentioned by some Suppliers during the P223 Assessment Procedure consultation. It was stated that some Suppliers may have exclusive agreements with particular agents, restricting those Suppliers' flexibility to take on meters maintained by other agents, such as those installed for profile sampling. The respondent highlighted that in the respondents view, such contracts are commercial arrangements freely entered into by Suppliers, and should not be allowed to hinder the efficient operation of the BSC which is founded on competition and choice between agents and between Suppliers.

Thus in conclusion, the majority of respondents did not agree with the Panel's provisional recommendation that the Proposed Modification should be made due to the increased complexities of the Proposed Modification CoS event. These respondents held the view that the Alternative Modification should be made. Further detail on the Report Phase consultation responses can be found in Appendix 5 of this document.

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6.2.2 Is it more efficient to retain or replace a customer on a CoS under the Proposed Modification? What are the additional costs of undertaking activities under such a CoS?

Not all respondents provided views on whether they preferred to retain or replace a customer on a CoS under the Proposed Modification. However respondents did provide views on what would be required in each circumstance, as listed below:

To retain a customer on a CoS, respondents explained that:

a) The customer would need to be identified on a CoS event;
b) If applicable it should be identified if the customer has a smart meter prior to registration;
c) The customer would be removed from the automated customer transfer processes and placed into a manual process that the Suppliers would need to undertake. For example, the appointment and de-appointment of agents would be processed manually and
d) Record in applicable customer management systems that the customer had different metering arrangements;

Please note that the above steps are generic in nature and all the steps above may not apply to every Supplier. Different Suppliers may have steps that are specific to their internal processes.

To replace a customer on a CoS, suitable customers would need to be identified and sent to the PrA to confirm whether the customer is an ideal replacement for the old customer. There is the possibility of delay in identifying and confirming suitable Sample Participants. This process would be ongoing in addition to the yearly recruitment of new Sample Participants.

Respondents highlighted that it was difficult to introduce any system automation for a CoS, with a manual process being the only effective method. Introducing any automation would require significant costs and system development for Suppliers, which cannot be justified for a small subset of customers.

Some respondents were split on their preference on whether to replace the customer or retain the customer. Respondents that preferred to replace the customer stated that:

- There would be a reduction in loss of profiling data where delays and errors in communication arise between Suppliers;
- Reduced overheads when compared to retaining the customer (requiring a manual management process) and;
- Reduced complexity.

Arguments made for retaining a customer where that it was inefficient and not cost effective to replace/lose a customer on a CoS event. It was suggested that this option would be the superior option if there was a method of readily identifying Sample Participants.

Not all respondents were able to provide any additional costs on undertaking the activities on top of what would be normally done on a standard CoS event. Of the responses given, the costs provided by respondents ranged from £ 0 to £ 500,000 where the smaller costs are those of the smaller Suppliers, and larger costs to the larger Suppliers.

The larger costs provided surrounded changes to the normal automated processes, so as to allow intervention for the appointment and de-appointment of agent services and to enable the system to recognise that exceptions may apply to these customers as they are part of the profiling sample.

Thus in conclusion, respondents noted processes that would be required to retain/ replace a customer on a CoS under the Proposed Modification but were split as to which of the two options was the best choice. Respondents provided a range of costs for undertaking these additional activities where the larger

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proportion of the costs were attributed to larger Suppliers amending their systems to deal with the specialised CoS event under the Proposed Modification.

6.2.3 Costs and activities on a CoS under the Alternative Modification

Overall, respondents indicated that they would only need to carry out the yearly top-up request for customers submitted from the PrA. It was suggested that under the Alternative Modification there would be an element of report and follow up work to put in place agreements with customers, but that as a whole this would be at a greatly reduced cost in comparison to a full manual control system as has been explained in 6.2.1 and 6.2.2.

One respondent noted that they would monitor whether any Sample Participants underwent a CoS.

6.2.4 Comparisons between the Proposed Modification and Alternative Modification CoS events *(Question 6 of the P223 Report Phase consultation)*

The majority of respondents preferred the Alternative CoS event process, for reasons that were mentioned in sub section 6.2.1. It was acknowledged that the lack of requirement to track a customer could have a short term cost in the region of £ 200,000 but it was believed that this cost should reduce as the use of smart metering becomes more common in the industry. As smart meters become common, the need to replace/install meters will reduce and the likelihood would be that a replacement/new customer entering the sample would have a smart meter previously installed. As a consequence it was stated that the costs of system changes and operational processes of tracking customers will outweigh the central costs for replacing meters, thus making this a more sustainable solution in the long term.

Respondents in support of the Proposed Modification stated their preference to retain the full sample size regardless of a CoS event, and the reduction in stranded assets on a CoS.

One respondent re-suggested a solution that was made during the P223 Assessment Procedure consultation. This solution had previously been considered by the Group, and while it was deemed to be an attractive solution was not progressed further. Detailed reasoning for the Group's conclusion is provided in the P223 Assessment Report (Appendix 3).

6.2.5 Respondents views on the Panel's provisional recommended P223 Implementation date

Respondents by majority agreed with the Panel's provisional recommended implemented dates. One response suggested that once the solution has been agreed, that P223 should be implemented as soon as possible. The opposing respondent mentioned that they were making changes to their systems and did not have the resources to implement P223 without rescheduling other projects; they believe that the benefits of P223 are not demonstrated.

6.2.6 Respondents views on the P223 Legal text

Respondents by majority agreed with the Panel's view that the P223 legal text (Proposed/Alternative) provides the intended solution agreed by the P223 Modification Group.

6.2.7 Further views of respondents on P223 *(Question 9 of the P223 Report Phase Consultation)*

Overall, respondents stated their eagerness to resolve the perceived issues of profiling in a swift manner with the most efficient solution. In response to a suggestion, that was made in the P223 Assessment Phase, that Supplier's would not engage in a transparent manner with customers about their participation in the profiling sample, one respondent stated that there is no foreseeable reason why a Supplier would not inform its customer. Although this would be dependent on each Supplier, it is the respondents view that the

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customers behaviour/consumption patterns will not have changed on being informed that they are part of the profiling sample.

It was suggested that Suppliers could actively advise customers and seek volunteers for introduction to the Profile Administrator on behalf of the PrA under the existing arrangements, as Supplier's customers may be willing to participate but simply be unaware of the organisations and process involved.

Another respondent considered options for identifying customers who are part of the profiling sample. It was recommended that a new meter type (Profile Administrator Meter) be introduced where it would be easier for Parties to recognise that the meter is for profiling purposes, and can ensure continuity of the Sample Participant. Such a change would require changes to the MRA.

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6.3 Panel's Consideration of Draft Modification Report

The Panel reconfirmed its unanimous view that both the Proposed and Alternative Modifications better facilitated BSC objectives (c) and (d) when compared to the current arrangements. Panel members noted the differences between the Proposed and Alternative Modification CoS processes and the views received from the Report Phase consultation.

In addition to the above, the following areas were discussed:

- There were general concerns raised that meters may not be transferable between Suppliers during a CoS. It was noted that this is not an issue specific to P223 as such an issue arises as different Supplier agents operate different systems which may be incompatible with certain meters. This would mean that on a CoS a Supplier may obtain a meter that its agents cannot operate/maintain, and as a consequence would have no option other than to replace the meter;
- There were concerns under the Proposed Modification regarding a delay in informing the PrA that a CoS had occurred. The Panel noted that the PrA was only aware of a CoS event if either a PrA nominated Agent was de-appointed or if data had not been received and subsequently the PrA checked ECOES. In such a situation the PrA may not be aware of a CoS event up to 1 month after a CoS occured. This could result in the new Supplier replacing the customer/meter under its automated CoS process, before the PrA informs them that their customer is part of the sample.
- It was suggested that incentives could be provided to customers so as to maximise their stay in the profiling sample or, that an incentive could be provided to the customer if they informed the Suppliers that they intended to change Supplier. One Panel member suggested that an alternate to providing incentives to customers would be the creation of a dedicated bureau to monitor a CoS. In conclusion the Panel believe that the decision should remain with Suppliers on the best approach to maximise customer retention in the profiling sample;
- Panel members agreed that the 'Supplier – customer' relationship would prove to be superior in recruiting customers to the profiling sample when compared to the 'PrA- Customer' relationship; Suppliers are better able to capitalise on an existing relationship as opposed to the 'PrA – customer' relationship where the PrA is it is non existent;
- The Panel noted and agreed with the Modification Group decision that the current Alternative Modification is the best of all the alternative solutions that were proposed (for further detail please refer to Appendix 3);
- Panel members noted that respondents to the P223 Report Phase consultation had provided further information on the reasoning behind their preferences for either the Proposed or Alternative Modification; and
- It was also noted that the Proposed Modification posed significant IT system costs and increased manual processing of information for Suppliers.

In conclusion the Panel agreed that action needed to be taken immediately in order to resolve the issue of deteriorating profiles. While the Panel felt that it would be favourable to retain the customer on a CoS, they noted that the arguments for the Alternative as presented by the Modification Group and Report Phase consultation responses were strong. They also noted the further detail provided in the consultation for support of the Alternative Modification.

6.4 Panel's Final Recommendation to the Authority

On the basis of the above discussions the Panel by MAJORITY agreed a recommendation to the Authority that the Alternative Modification **SHOULD** be made.

The Panel agreed the following recommended implementation approach for P223:

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- **1 December 2009** if P223 is approved by the Authority on 27 November 2008; or
- **1 April 2010** if P223 is approved after 27 November 2008 but by 5 March 2009.

The Panel's **preference**, which mirrors the Modification Group and consultation respondents, is for the **1 December 2009** date as this allows earlier realisation of any benefits.

The Panel agreed the legal text for modifying the Code in respect of the Proposed Modification, as provided in Appendix 1.

7 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
BSCP	Balancing and Settlement Code Procedures
CoS	Change of Supplier
ECOES	Electricity Central Online Enquiry Service
GCF	Group Correction Factor
GSP	Grid Supply Point
HH	Half Hourly
IWA	Initial Written Assessment
MOA	Meter Operator Agent
MSID	Metering System Identifier
NHH	Non Half Hourly
NHHDA	Non Half Hourly Data Aggregator
NHHDC	Non Half Hourly Data Collector
PrA	Profile Administrator

8 DOCUMENT CONTROL

8.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	15/08/08	Sherwin Cotta	Change Delivery	For peer review
0.2	19/08/08	Sherwin Cotta	Change Delivery	For final review
0.3	19/08/08	Sherwin Cotta	BSC Parties and other interested parties	For consultation
0.4	04/09/08	Sherwin Cotta	Change Delivery	For peer review
0.5	05/09/08	Sherwin Cotta	Panel	For Panel decision
0.6	11/09/08	Sherwin Cotta	Change Delivery	For peer review
1.0	12/09/08	Sherwin Cotta		Authority decision

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8.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	P223 'Profile Administrator Service' Initial Written Assessment	ELEXON	04/04/08	1.0
2	Issue 29 'Profile Administrator (PrA) Model' - Panel paper 135/01e	ELEXON	11/01/08	1.0
3	P223 'Profile Administrator Service' Requirements Specification	ELEXON	29/04/08	1.0
4	Straw Man PrA Model for discussion by Potential Issue Group – SVG Paper 78/05 ELEXON - Supplier Volume Allocation Group (SVG) Papers - Meeting Number 078 - 31/07/07	ELEXON	09/07/07	1.0
5	Issue 21 'Scope of Profiling Administration Service' – Panel Paper 112/06 ELEXON - BSC Panel Paper Meeting number 112 - 09/03/06	ELEXON	02/03/2006	1.0
6	P223 'Profile Administrator Service' consultation document	ELEXON	01/07/08	1.0
7	P223 'Assessment Report'	ELEXON	14/08/08	1.0

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APPENDIX 1: DRAFT LEGAL TEXT, LEGAL ADVICE AND REQUIREMENTS

BSCCo developed the draft legal text for P223 and provided an explanation of this to the Modification Group at the final P223 meeting. The Group reviewed the draft legal text by correspondence and unanimously agreed that the draft Legal text delivered the intended solution.

- Draft legal text for the Proposed Modification is attached as a separate document, Attachment 1a.
- Draft legal text for the Alternative Modification is attached as a separate document, Attachment 1b.
- A copy of the BSCCo legal advice referred to in this document is attached as Attachment 1c.
- A copy of a requirements matrix which shows where the P223 requirements lie in the BSC and BSCPs is attached as Attachment 1d.

APPENDIX 2: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at:

http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=243

Date	Event
10/04/08	Modification Proposal raised by the Panel
10/04/08	IWA presented to the Panel
11/04/08	First Assessment Procedure Modification Group meeting held
18/04/08	Second Assessment Procedure Modification Group meeting held
02/05/08	Third Assessment Procedure Modification Group meeting held
08/05/08	One-month timetable extension agreed by the Panel
14/05/08	Requirements Specification issued for PrA impact assessment
14/05/08	Request for Party/Party Agent impact assessments request issued
14/05/08	Request for BSCCo impact assessment issued
30/05/08	BSCCo impact assessment returned
11/06/08	PrA impact assessment returned
11/06/08	Party/Party Agent impact assessment responses returned
19/06/08	Fourth Assessment Procedure Modification Group meeting held
02/07/08	Assessment Procedure consultation issued
02/07/08	Request for Transmission Company analysis issued
15/07/08	Consultation responses returned
15/07/08	Transmission Company analysis returned
18/07/08	Final Modification Group meeting
14/08/08	Assessment Report presented to the Panel
19/08/08	Draft Modification Report issued for consultation

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Date	Event
11/09/08	Draft Modification Report presented to the Panel
12/09/08	Modification Report submitted to the Authority

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL[5]

Meeting Cost	£ 2,500
Legal/Expert Cost	£ 0
Impact Assessment Cost	£ 5,000
ELEXON Resource	103 man days £ 21,965

The above costs have changed from the IWA phase, reflecting the one-month extension to the P223 Assessment Procedure.

APPENDIX 3: ASSESSMENT REPORT

The P223 Assessment Report is attached as a separate document, Attachment 2.

For the purposes of the Report Phase consultation and the Panel's consideration of the draft Modification Report, the P223 Assessment Report can be found on the BSC Website at: http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=243

The Assessment Report includes:

- The conclusions of the Modification Group regarding the areas set out in the P223 Terms of Reference;
- Details of the Group's membership;
- The full results of the Assessment Procedure impact assessment; and
- Full copies of all responses to the Assessment Procedure consultation.

APPENDIX 4: COST BENEFIT ANALYSIS AND NUMBER OF CUSTOMERS

- The P223 Cost benefit analysis is included as Attachment 3.
- Number of customers that a Supplier would be required to recruit is attached as Attachment 4.

APPENDIX 5: REPORT PHASE CONSULTATION RESPONSES

The responses to the P223 Report Phase consultation are included as Attachment 5.

[5] Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

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