P223 Report Phase Consultation Responses

Consultation Issued on 19 August 2008

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	RWE Npower	P223_dMR_01	10	0
2.	Scottish Power Ltd	P223_dMR_02	7	2
3.	TMA Data Management Ltd	P223_dMR_03	0	3
4.	Scottish & Southern Energy plc	P223_dMR_04	1	0
5.	E.ON UK	P223_dMR_05	5	0
6.	EDF Energy (*)	P223_dMR_06	9	0
7.	British Energy	P223_dMR_07	5	0
8.	E.ON Energy Services Limited	P223_dMR_08	0	1
9.	BizzEnergy Ltd	P223_dMR_09	1	0
10.	Centrica (*)	P223_DMR_10	9	0

(*) Late Response

Question 1: Do you agree with the Panel's provisional recommendation that Proposed Modification P223 should be made?

Summary

Yes	No	Neutral/Other
2	8	-

Responses

Respondent	Response	Rationale
RWE Npower	No	We continue to prefer the Alternative over the Proposed Modification P223. We remain unconvinced that the Proposed process will work on Change of Supply (CoS). Under the Proposed process the PrA will be responsible for identifying that a CoS has occurred and will contact the new Supplier to inform them that the customer is in the profile sample. It is unlikely that this

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Respondent	Response	Rationale
		will happen quickly enough for the PrA to inform the new Supplier that the meter is part of the profile sample, particularly if the old Supplier is using its own agents. Our registration process is automated and on CoS we appoint our default agents. Under the Proposed, if we were subsequently informed by the PrA that the customer was in the profiling sample, we would have to manually de-appoint our agents and manually appoint either the PrA/our nominated agents. Such manual processing increases our operational costs. We acknowledge that the Proposed does enable Suppliers to provide a replacement for customers we have inherited on CoS. During the Modification process we received assurance from Elexon that there was enough allowance made in the sample size to allow for churn and that the data could still be used even if it hadn't been collated for a full 12 month period. Therefore 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.
Scottish Power Ltd	No	Given the two options we believe the alternative modification was more efficient and presents a much lower risk of data inaccuracies stemming from the Change of Supply process. Additionally the proposed modification offers a more complex process requiring the investment of significant costs (e.g. dedicated resource). There is no clear business case for this and will be especially difficult for smaller suppliers to accommodate. As such it may be seen to increase the barriers to entry to the market, thereby impeding competition. The proposed solution is designed to maintain the sample size but does not retain the same population (suppliers select new candidates after a loss). The data will therefore not be consistent and lose integrity. However we understand the Panels concern about losing participants from the sample and indeed presented a solution to the Modification Group that we believe was not fully considered due to time constraints. This solution allows Suppliers to work within their existing agent appointment processes, while maintaining the sample size a population despite the Change of Supplier Process. This is detailed below and further in an attached document.
TMA Data Management Ltd	No	The settlement data activities of MOP/NHHDC/NHHDA should be kept separate from any profiling data retrieval activity. It is not appropriate in a competitive market of agency services to use the BSC Agent PrA specified agents as Supplier Party agents (MOP, NHHDC and NHHDA) for profiling customers. We also have concerns regarding the ability of existing NHHDC agents to retrieve HH data; this would leave some Suppliers with no choice but to appoint the PrA specified agents without any normal contract negotiation process between the Supplier and its agents. It goes

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Respondent	Response	Rationale
		against competition and should not be allowed in a deregulated market.
Scottish & Southern Energy plc	No	As we have stated previously, we do not believe that the P223 (original) solution would better achieve the Applicable BSC Objectives. We agree with the principle that better sampling would improve profiling accuracy, however there is no strong evidence that this original proposal would improve efficiency. Furthermore, we do not believe that the proposed modification would facilitate the promotion of effective competition in the generation and supply of electricity.
E.ON UK	No	The modification group has carefully considered the requirements of the modification and debated the difficulties it presented. The group concluded after considerable debate that the proposed did not better facilitate the relevant objectives than the alternative. Having received and debated the feedback on the proposal it was not a palatable modification in of itself. It appeared to be a lift and shift of an obligation from the Profile Administrator contracted to undertake to the supplier, as they encountered difficulties in recruiting and retaining enough customers. The group considered all the concerns that had been raised by the Profiling Expert Group, the SVG and Elexon about the performance of this work and reluctantly agreed that, whilst the Profile Administrator had failed in their obligation to carry out their tasks, that the supplier community could offer a better chance of recruiting customers to the sample set. It was also recognised that inaccuracies in profiles could proportionally disfavour the smaller suppliers and that there was a requirement to do something different. Where the difficulty arose with the proposal was during the Gain Process. For the small supplier with a low churn rate the process could be managed off-line in quite a manual way, however, for the larger suppliers with more automated processes there would have to be a process to identify the customer as being part of a sample set – possibly by a flag that identified the customer in MPAS. The supplier would then have the choice to appoint the Profile Administrator as the agent or put in place arrangements with their own agents so as not to remove the profile administrator's sample quality meters. Without an indicator to interrupt the automated customer journey, the normal agent appointment processes would kick in and this would in turn risk removing the sample metering unintentionally. In order to manage what is effectively a small number of customers in total – 2500 nationwide, with an anticipated annual churn across the supplier community this would be a costly system change to identify, track and manage a small number of customers per organisation. Those organisations with large volumes of customers considered whether the process could be managed manually and the answer was no – it could not, this led to consideration of a number of alternatives, the preferred

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Respondent	Response	Rationale
		of which was put forward. Finally and most importantly, since the obligation on suppliers on change of supplier are either to retain the existing customer or nominate an alternative, there is potentially no savings on meter exchange costs and would lead to a lack of continuity o the customer within the sample set, which effectively makes the proposed just a matter of timing difference on when the sample participant should be nominated but adds costs and complexity to the change of supply process.
EDF Energy	No	The majority of the reasons given for this modification better facilitating BSC objectives rely on statistical analysis carried out by Elexon. In each consultation of this modification we have raised issues regarding this analysis and questioned whether it is statistically robust. We have as yet not received a response that provides any convincing argument that this analysis is not flawed. With this in mind we feel that the major benefits of this modification are built on unsubstantiated evidence and as such cannot agree that this modification better facilitates BSC objectives.
British Energy	Yes	The issues causing difficulty for customer recruitment do not appear fundamentally insurmountable under the current arrangements, and it is disappointing that the Profile Administrator with support from Suppliers and Elexon cannot together resolve the situation. However, the continuing trend of reduced recruitment indicates there is insufficient incentive on participants collectively under the current arrangements. The proposed modification may improve the situation by putting responsibility more directly on suppliers, who have the benefit of an existing direct relationship with customers and agents. However, it is not obvious how the new obligations would be enforced, and further changes may be necessary to create the necessary incentives to procure suitable data to allow accurate load profiling. Transfer of customers between suppliers over time may obviously distort any initial or subsequent sample distribution between suppliers. However, this would not necessarily invalidate the sample and some flexibility is required in setting the sample, with a possibility of some suppliers having proportionally more and others less at any given time. Hopefully, natural wastage of profile customers would avoid the sample becoming overly biased toward particular suppliers over time. In the longer term, arrangements for 'smart meters' should be capable of being adapted for the purpose of sampling for profiles. We think it

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Respondent	Response	Rationale
		would be similarly inefficient for such meters to become redundant or be changed at every change of supplier.
E.ON Energy Services Limited	No	See Below
BizzEnergy Ltd	Yes	The proposed modification should improve the accuracy of the nhh settlement profiles and reduce the size of the group correction factor. This would then reduce the error associated with forecasts of nhh demands.
Centrica	No	For the reasons stated in our original response we believe that this solution to the 'shortage' of customers in the current sample is overly complicated and simply moves the problem from one party to another. Furthermore, we do not believe that the case has been adequately made to prove that a shortfall in the current sample is creating any bias. This solution would require numerous system and other changes to be made, at a cost of in excess of £300k, without any proven benefit.

Question 2: Do you agree with the Panel's provisional recommendation that Alternative Modification P223 should not be made?

Summary

Yes	No	Neutral/Other
5	5	-

Responses

Respondent	Response	Rationale
RWE Npower	No	As above – we continue to prefer the Alternative over the Proposed Modification
Scottish Power Ltd	No	As above the alternative in more efficient than the proposed modification. However we believe that there is a simple solution to the Change of Supply process that would allow Suppliers to manage such sites with their normal processes while retaining the initial sample.
TMA Data Management Ltd	Yes	It would be a waste of resources to automatically lose a customer from the profiling because of a change of Supplier.

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Respondent	Response	Rationale
Scottish & Southern Energy plc	Yes	As noted previously, although the P223 (alternative) solution appears to be relatively more operationally easier to implement, we do not believe that this alternative modification would achieve the Applicable BSC Objectives for the same reasons given in response to Question 1.
E.ON UK	No	On the face of things it would seem more sensible to retain customers in the sample set once they have been recruited, thus avoiding the additional costs of meter exchanges for new recruits after sample participants retire. However, in order to retain a customer within the sample set we need to identify during the gain process that the customer is an existing sample participant. Many suppliers have exclusivity arrangements with their agents which would prevent them from appointing the profile administrator as their agent and allowing them to install sample compliant metering. This will additionally require meter models to be added to agent contracts which they may or may not choose to support. We considered the life cycle of the customer in the profile administration processes, since it is a requirement of the proposal that 10% of customers are retired each year we are faced with 10% retirement each year in any case, so there is currently a requirement to replace approximately 250 meters per year. We recognised that the lack of requirement to track the customer may have some short term increase in costs for meter installs and so affect the central costs for this work, however as more and more smart meters are installed, there will not be a need to replace so many meters for sampling purposes and so the costs of system changes and operational processes of tracking customers will outweigh the central costs for replacing meters.
EDF Energy	Yes	The rationale for our view is as set out above but with an additional issue as noted below. In order for a new customer to be useful they would need to remain with their current Supplier for a significant time period after their recruitment. Data from them is not useable for at least one year. There is no way that this can be managed without restricting customers ability to switch suppliers which is in contravention of objective c. If such a restriction was felt to an appropriate mechanism amendments would be required to suppliers contracts and the objection rules which now sit within the Supply Licence.
British Energy	Yes	Yes, on the basis that we agree with the Panel's recommendation that the Proposed Modification should be made, and consider the alternative proposal would meet the BSC objectives less well. It would be inefficient to remove customers from the load sample simply because they change supplier. Such customers would be familiar with

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Respondent	Response	Rationale
		the arrangements and have suitable installed metering, in all likelihood paid for by all participants. Losing such customers and replacing them in the sample up to a year later with other customers, probably with new meters, is not efficient, and will reduce the effectiveness of the sample. Exclusivity arrangements are mentioned in the assessment report, whereby some suppliers may have exclusive agreements with particular agents, restricting those suppliers' flexibility to take on meters installed/operated/collected by other agents, such as those installed for profile sampling. We consider that such contracts are commercial arrangements freely entered into by such suppliers, and should not be allowed to hinder the efficient operation of the BSC, which is founded on competition and choice between agents as well as between suppliers. On balance, we remain neutral to the alternative, unable to determine whether the potential benefit of transferring responsibility to suppliers with an existing customer relationship outweighs the potential costs of reducing the sample during the year, removing suitable installed meters from the sample and requiring new sample customers to be found unnecessarily.
E.ON Energy Services Limited	No	It is our belief from our position as an meter operator that current industry processes will not adequately identify metering during the COS process and the incoming supplier may not have the necessary information to establish a new contract with the existing metering provider
BizzEnergy Ltd	Yes	As a small supplier BizzEnergy would not find the requirements associated with the tracking and retention of sample customers on change of supplier (COS) as onerous. It is considered, as a small supplier, that it would be more efficient to retain customers, on COS, in the sample.
Centrica	No	Given the removal of the requirement to retain customers, this solution would have a slightly lower impact to our systems, processes and therefore our overall costs. Therefore the alternate is preferable to the original proposal.

Question 3: The Panel are keen to understand why under the Proposed Modification it is felt that it is inefficient/impractical to either retain a Customer in the sample, or provide an immediate replacement, on a CoS.

If you are a Supplier, please provide details of what your organisation would need to do in order to (a) retain a customer in the sample or (b) provide a replacement for that customer, if you inherited such a customer on a CoS.

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Please also indicate which of these options your organisation would be most likely to choose in practice.

Could you also indicate how these activities are different to your normal CoS procedures.

Responses

Respondent	Response	Rationale
RWE Npower	-	As detailed in the response to question 1 we feel that the process in the Proposed will prove to be manually intensive and will increase operational costs. In order to retain a customer in the sample we would have to manually process the de-appointment and appointment of agents which would be dependent on receiving timely information from the PrA. The delay in appointing either the PrA/our nominated agents could also impact the collection of profiling data. In order to provide a replacement on CoS we would have to identify suitable sample participants and send to the PrA for checking – there may be a delay in identifying and confirming suitable participants. This process would be ongoing in addition to the yearly top-up request for customers and our preference would be to carry out this process only once a year. Where at all possible we prefer to limit the amount of manual processing work.
Scottish Power Ltd	-	**Retain a customer in the sample & Provide a Replacement** The specialised nature of this process make's it difficult to introduce any level of system automation and can only really be effectively managed manually. To retain or replace customers within the sample after a 'change of supplier' event requires investment in resource that would not be fully employed by this one process. Normally the customer gain process is fully automated with our preferred agents appointed without the need to refer to the meter or customer type in the first instance. It is therefore more efficient to manage this on an annual basis. Scottish Power Ltd preference would be to retain the customer to the sample.
TMA Data Management	n/a	-

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Respondent	Response	Rationale
Ltd		
Scottish & Southern Energy plc	-	Our customer and registration systems have no means of flagging and identifying customers that are part of the profile sample currently. This means that we have no automated means of triggering reports that identify the change in our sample population. This in turn creates difficulties in ensuring adequate contracts are in place between Supplier and customer. The cost of a change to our systems to allow this identification to take place is significant and would have very little chance of being approved given the very small amount of customers that would be involved in the sample. This results in the need for a manual solution to be put in place to manage the process. Such manual solution would need to as a minimum mimic the degree of control and cross-checking afforded by our automated systems, to ensure data integrity. Additionally further control measures and significant liaision with other parties (e.g. incoming/outgoing Supplier) would be required to maintain a robust set of information. All of which we believe creates a not insignificant annual overhead to manage and maintain (see Q4 below). Furthermore, we believe that the proposed modification may still result in inefficiencies and stranded metering assets. Firstly because the CoS process could be co-incident with a change of MOA and there is no guarantee that the new Supplier/MOA wish to retain the data logging equipment installed. Secondly because the CoS could result in a loss of data where delays and errors in communication arise between Suppliers. Both would be doubly inefficient as the purpose (and perceived benefit) of the proposed modification would be undermined and undelivered, in addition to the creation of increased overhead costs of having to maintain a manual management process. Providing a replacement for customers lost from the sample at CoS/CoT does not incur the same overheads as much of the process can be driven from existing customer services, so the marginal cost of fulfilling such an obligation is minimal in comparison. As a result of the above, in practice SSE would replace customers in the sample
E.ON UK	-	To retain a customer we would need ▪ To identify the customer during the gain process. ▪ We would need to remove it from the automated customer transfer processes which appoint the agents and send the normal metering flows. ▪ We would have to record in our customer management system the fact that the customer had different metering arrangements.

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Respondent	Response	Rationale
		▪ If at any time the customer experienced problems with the meter we would have to be able to send instructions to the agents appointed to that metering system which may be different to our normal arrangements. To provide a replacement on COS would not necessarily involve a supplier in any real additional activity since they will be revisiting their sample set annual with the planned retirement of 10% of the sample set. Also it may not reflect the true position of a supplier's portfolio within any GSP group, since churn can be as a result of a regional sales campaign by individual companies (which may affect the smaller market participants and in particular their ability to ride out imbalances due to profile inaccuracies.). Since the company would be faced with an annual recruitment requirement it seemed prudent to sweep up any extra sites annually rather than sporadically throughout the year. Elexon assured us that this causes no problem with the sample size as we considered increasing the sample requirements to take this into consideration. Elexon advised that the sample size was already sized to account for losses during the year. As a Modification Group Industry Expert I had to consider the impact on all types of organisations and did not just consider how my own organisation would deal with this, and I came to conclude that this was the best solution for the wider industry. Specifically however, my company prefer to use our own agents and therefore we have to consider how we would ensure that on a COS Gain the customer's existing metering would remain in place even if the metering in situ was not supported by our agents. Should we not identify this in time, it may result in the meter being exchanged unintentionally.
EDF Energy	-	(a) – The problem is that there is no method currently available to readily identify a customer within the Profile Administrator sample. Without this there is no method to ensure continuity of data to the Profile Administrator and therefore to retain customers in the sample. If such a mechanism was available to accurately do this then it would be possible to retain these customers on Change of Supply. This is not an individual organisation issue but rather an industry wide issue. (b) – Problem is as with point (a) if we cannot identify these customers in the first place we are not in a position to provide a replacement customer. However, if we could identify these customers it would be easier for us to retain this customer and ensure that their data was maintained in sample. If we can identify these customers then we would be looking to retain them as this is least cost option.

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Respondent	Response	Rationale
		We would need to amend our current registration processes to act accordingly. This would then ensure that registration was completed in a way such that data can be passed to Profile Administrator agents.
British Energy	-	We do not envisage problems particular to customers in the load profile sample. We expect to be able to work with meters and agents used by the Profiling Agent itself, and we would have to procure a new meter and/or appoint new agents anyway for any prospective customer using a meter or agent which we are not set up to work with, for example one with an exclusivity arrangement.
E.ON Energy Services Limited	n/a	-
BizzEnergy Ltd	-	BizzEnergy does not consider for small suppliers that it is inefficient or impractical to retain customers in the sample on COS. a. BizzEnergy currently determines prior to registration if a new customer has a smart meter. Acquired sample customers who have a smart meter would be best identified by comparing the MPAN with a master sample list (this would need agreement on by suppliers and setting up/administering) or by subsequent notification by the previous supplier/DC. For sample customers not on a smart meter that it seems that a master sample list again would be the better option for identification – otherwise the previous supplier. On identification the existing DC would be re-appointed if possible. If not then a new DC would be appointed and if a smart meter already exists, it would probably be replaced with one supported by the new DC. b. The assumption is made that in most instances the customer would be retained in the sample. If replacement were necessary then, one would be recruited in accordance with criteria set out by Elexon/PrA. In terms of ensuring that for smart meter customers, they remain on a smart meter, there is no difference. There would be new procedures for the collection and transmission of the data by the DC.
Centrica	-	This would require us to carry out extensive systems development work creating a 'flag' to allow us to identify sites that are included in the sample. We would then need to develop new reporting to monitor the status of these sites in order to identify which were subject to a CoS. This reporting would have to be monitored and so would require additional resource to manage this activity.

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Respondent	Response	Rationale
		Centrica's supply businesses currently use commercial MOP/DA/DC arrangements and therefore all CoS are coincident with a Change of Agent. In order to retain a customer in the sample we would need to change our acquisition process to be able to identify sample sites and then manually select the PrA agents. We would also need to consider cost differences between our commercial contracts and the PrA agents which for customers in PC 5-8 may impact our pricing for customers included in the sample. In practice we would not retain customers in the sample as the impacts to our CoS process would be too great; therefore we would seek to provide replacement customers in all cases.

Question 4: What is the estimated effort/cost of undertaking the activities described in your response to question 3?

Responses

Respondent	Response	Rationale
RWE Npower	-	It has not been possible to obtain any further clarification on costs during the Report Phase. Our response to the earlier impact assessment provides details of the estimated costs we would incur to develop the functionality required under P223.
Scottish Power Ltd	-	Without any system changes it would require approximately 1 FTE.
TMA Data Management Ltd	n/a	-
Scottish & Southern Energy plc	-	We have not costed system changes to automate such a process as they would be significant and prohibitive and would not be sanctioned. A manual process would therefore be required. We estimate a cost of £80k per annum to manage a manual process that maintains CoS/CoT customers within the sample population.
E.ON UK	-	Confidential response
EDF Energy	-	Not possible to quantify as we have no idea of what we would need to do

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Respondent	Response	Rationale
		in order to identify these customers and so where in registration processes this new method of operation would need to be introduced. The later in the process the more costly this would be as potentially suppliers could have appointed agents that they would now need to de-appoint and this can cause problems in a Change of Supplier event.
British Energy	-	We do not envisage any additional costs for these activities.
E.ON Energy Services Limited	n/a	-
BizzEnergy Ltd	-	Once-off cost of £5000. On-going cost of £5000/annum
Centrica	-	The additional costs (beyond those we identified with the alternate) are £10k in development and approx £15k to £20k per annum thereafter.

Question 5: If a customer is lost from the sample on a CoS (as per Alternative Modification) would your organisation need to undertake any activities in addition to those normally carried out as part of the CoS process?

If so what would these activities be?

What is the estimated effort/cost of these activities?

Summary

Yes	No	Neutral/Other
2	6	2

Responses

Respondent	Response	Rationale
RWE Npower	No	We would only have to carry out the yearly top-up request for customers.
Scottish Power Ltd	No	There are no additional processes at the point of loss. On an annual basis we would have to review of existing sample versus our target level, however this would have to be undertaken each year regardless.
TMA Data Management Ltd	n/a	-
Scottish & Southern	Yes	There would still be an element of reporting and follow up work to put in place agreements with customers but this would be a much reduced cost

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Respondent	Response	Rationale
Energy plc		in comparison to full manual control system as described in Q3.
E.ON UK	No	As the losing supplier there would be no activity required, other than when requested to identify a new sample participant as part of the annual recruitment. As each year we will be required to retire and recruit 10% of the sample set we don't foresee recruiting a few extra customers at that time as problematic, therefore the costs of recruiting those additional customers would not be significant if done at the annual refresh.
EDF Energy	Yes	We would need to determine the type of customer required for replacement, use this information to provide a script to locate a list of current customers with similar characteristics. We would then need to go through an ad hoc recruitment process. Costs would mainly depend on recruitment process. It is much more costly if it takes 50 customer contacts to recruit a customer than if it just took 5 contacts. At present we have no firm costs for this activity so estimates of these costs are not possible.
British Energy	No	No additional activities identified.
E.ON Energy Services Limited	No	-
BizzEnergy Ltd	Yes/no	It depends on whether the detection of a COS by a sample customer is undertaken by the DC or Supplier. If the Supplier, then BizzEnergy would monitor sample customers for COS. Once off cost of £5000. On going cost of £1000/annum
Centrica	No	We have not yet identified which additional activities would be required.

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Question 6: The Panel notes that, if all customers undergoing a CoS were lost from the sample, this could cost £200k per year for the Profile Administrator to install meters for replacement customers. This cost would be shared across the industry, and would be incurred regardless of whether the customers were replaced at the point of a CoS or in the subsequent year.

The Panel also considers that, if these customers are not replaced until the beginning of the following year, this could compromise the ability of the Profile Administrator to achieve a robust sample of consumption data.

Given this, which CoS process do you believe is more appropriate – the Proposed Modification or the Alternative Modification?

Responses

Respondent	Response	Rationale
RWE Npower	-	We acknowledge that initially it could cost up to £200k depending on churn however we feel that over time, once smart metering becomes more widespread, there will be less need to replace meters for suitable replacement sample participants which should reduce the costs. For this reason we believe that over time the Alternative Modification will be more appropriate than the Proposed Modification
Scottish Power Ltd	Neither	As previously stated we agree with the Panel that we should aim to retain the full sample regardless of any Supplier changes. Scottish Power Ltd proposes that Suppliers retain their preferred NHHDA and NHHDA but appoint the Profile Administrator as the MOP. At the point of CoS the PrA can identify that it has been deappointed and can contact the gaining Supplier to request that they are appointed as the new MOP. The benefits include: - No Meter Change or Charges (no stranded assets) - Sample integrity preserved - Suppliers continue to have access to data for billing & settlement - NHHDC's receive data from MOP, reducing site visit costs - Minimise costs of recruiting new customers. While we continually strive to ensure the change process is not unnecessarily impeded, we ask that the Panel reviews the attached document, describing how this process would work. If this is not possible then we prefer the alternative modification.
TMA Data Management Ltd	Proposed Modification	The proposed Modification reduces the impact of stranded assets, the new Supplier can keep the newly gained MPAN in the sample. From the information provided, there is no justification for losing the MPAN from the sample on COS.
Scottish &	-	Alternative Modification, for the reasons stated above.

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Respondent	Response	Rationale
Southern Energy plc		
E.ON UK	-	The lack of requirement to track the customer may have some short term increase in costs for meter installs and so affect the central costs for this work, however as more and more smart meters are installed, there will not be a need to replace so many meters for sampling purposes as suppliers will drawn down participants from their customers with smart metering already installed, and so 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. The point was made in our discussions that as smart meters become more of the norm, the replacement customers will come into the set with an historic picture that the Profile Administrator will be able to use and therefore in the longer term there will be no lack of consumption data. The Alternative.
EDF Energy	-	We would re-iterate that we do not support either of proposed or alternate modification due to our issues with the data analysis on which most of benefits are based. However, if this modification is taken forward and we can resolve issues surrounding identification of these customers on change of Supply then this would suggest proposed modification would be more appropriate as it has option to retain customers on change of Supply.
British Energy	Yes/no	Proposed modification. We think it would be inefficient to remove customers from the load sample simply because they change supplier.
E.ON Energy Services Limited	Yes/no	-
BizzEnergy Ltd	Yes/no	The Proposed Modification
Centrica	Yes / No	Given the current level of customer churn in the energy markets, particularly in PC1-4, Centrica agree that the quoted cost of £200k is likely to be achieved each year. It is for precisely this reason that we do not support with the proposed modification or the alternate. Under the current arrangements CoS has relatively little impact to the profiling carried out by the PrA. By making this change the profile sample would become less stable, while increase costs to suppliers, and so ultimately customers, with no proven benefits.

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Question 7: Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P223? (Please note that the Panel has a preference for the earlier date but that both dates would be provided to Ofgem)

Summary

Yes	No	Neutral/Other
9	1	-

Responses

Respondent	Response	Rationale
RWE Npower	Yes	-
Scottish Power Ltd	Yes	Once the solution has been agreed we ought to implement as soon as possible.
TMA Data Management Ltd	Yes	-
Scottish & Southern Energy plc	Yes	-
E.ON UK	Yes	-
EDF Energy	No	We do not feel either of these modifications have a sufficient case for them to be implemented and as such do not support either of these dates. Also we would need to make changes to our systems and at present have no available resources to implement such changes until end of 2010 without rescheduling other work. We do not feel that this modification has demonstrated that it will benefit parties and as such would not wish delay changes which have more robust business cases to implement the changes associated with these modifications.
British Energy	Yes	The recommended implementation dates both give 12 months notice.
E.ON Energy Services Limited	Yes	-

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Respondent	Response	Rationale
BizzEnergy Ltd	Yes	This implementation date can be met.
Centrica	Yes	-

Question 8: Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group?

Summary

Yes	No	Neutral/Other
9	0	1

Responses

Respondent	Response	Rationale
RWE Npower	Yes	-
Scottish Power Ltd	Yes	-
TMA Data Management Ltd	Yes	-
Scottish & Southern Energy plc	Yes	It appears to.
E.ON UK	Yes	-
EDF Energy	-	We have no comments on legal drafting.
British Energy	-	-
E.ON Energy Services Limited	Yes	-
BizzEnergy Ltd	Yes	-
Centrica	Yes	-

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Question 9: Are there any further comments on P223 that you wish to make?

Responses

Respondent	Response	Rationale
RWE Npower	No	-
Scottish Power Ltd	Yes	We are all eager to resolve the perceived issues of profiling in a swift fashion. However this should not be at the expense of the most efficient resolution if it requires further exploration. Scottish Power Ltd believes that there is a way of efficiently managing the change of supply process while retaining the full sample and that it is worthy of further discussion.
TMA Data Management Ltd	Yes	The level of validation of the HH data retrieved for profiling needs to be defined so does the format in which the data will be provided to the PrA. Another solution would be to clearly separate the BSC agent PrA' obligations from the Supplier agent's settlement obligations. The PrA could retrieve the HH data whilst the Supplier agents remain responsible for retrieving and processing the NHH data.
Scottish & Southern Energy plc	-	Not at this time.
E.ON UK	Yes	There was some suggestion that supplier's would not engage in an open and honest way with customers about their participation in the sample set. As part of the rationale for moving the obligation from the Profile Administrator to the Supplier was due to their relationship with the customer, I don't foresee that parties would hide the fact from their customers as there would need to be a reason given to the customer to effect the meter exchange and possibly the customer would need to be incentivised. Our organisation would definitely not keep this information from the customer as we don't believe that it would significantly impact the customer's behaviour or the sample results. We will need to review our terms and conditions to ensure that this issue is covered off
EDF Energy	Yes	We have been considering options for identifying a customer who is included in Profile Administrator sample. There are a number of possible ways forward but we feel that a possible approach would be to introduce a new meter type for these meters that cannot be used for anything else. However, such a change would require a change to MRASCo products and as such if this modification were to be implemented might then need to be linked to a MRASCo release. We would suggest a new meter type of PRAM (Profile Administrator Meter) to be used as an identifier that can then be used by parties to ensure continuation of customer within sample.
British Energy	Yes	Could suppliers more actively advise customers and seek volunteers for introduction to the Profile Administrator on behalf of the PA under the existing arrangements? Many customers may be willing to participate but simply be unaware of the organisations and process involved.
E.ON Energy	No	-

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Respondent	Response	Rationale
Services Limited		
BizzEnergy Ltd	No	-
Centrica	No	-

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Note to the P223 Modification Group on an alternative method of allocating agents

Chris Carberry – Scottish Power Ltd

The Proposed Modification P223 presently gives the option to the Supplier of appointing their preferred agents or that of the PrA. This is assumed to be a full collection of NHHDC, NHHDA and MOP.

There are issues with both options that a Supplier would need to balance in deciding a preference. By appointing their preferred agents the Supplier has full control over the process and the data, while avoiding the need to develop and support a separate process for agent appointment and management. However the Supplier does have the difficulty of managing MOP's in installing the correct metering and NHHDC's in transferring the data to the PrA. There is also increased administration in identifying the costs incurred in providing the data and organising the rebate invoice to the PrA.

In appointing the PrA's set of agents the Supplier has to develop and support a separate process for agent appointment as well as surrendering a degree of control over the data for settlement and billing purposes.

The key requirements in this process is for the PrA to have access to half-hourly data for a representative sample of MPAN's while the Suppliers existing processes are largely unaffected to ensure that they can continue to provide a high-quality and efficient service to the customer.

This is best achieved by the Supplier appointing the PrA's agent as MOP while retaining their preferred NHHDA and NHHDC. This solution ensures a consistent and efficient approach to managing the metering while the PrA will have direct access to the data (acting as a data retriever). It is also possible that the MOP would be able to send a D0010 to the data collector on a regular (e.g. monthly) basis. I suspect that this may be amongst the customer's expectations if we are to request the installation of a remotely read meter in their premises along with a reduced frequency of visits by a meter reader.

With this solution the PrA is picking up the only additional cost that is the installation of the metering while the Supplier's agent management processes are largely unaffected. It also reduces complexity on a change of Supply.

Change of Supply

On a change of Supplier the new supplier follows the agree appointment format meaning there is no stranded asset, no need for a meter change and the sample set remains constant and consistent, while the losing supplier does not need to recruit a new customer mid-way through the profile year. The PrA could identify such customers when they receive a D0151 de-appointing them as the MOP, before contacting the gaining supplier to advise them that they should be retained as MOP.

I am fully supportive in the endeavour to improve the accuracy of consumption profiling and recognise that increased Supplier participation is both required and necessary. I also recognise that any worthwhile solution will contain a level of compromise of the status quo, however I believe the solution above minimises the level of compromise and reduces the likelihood of an adverse impact on the customer.

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