90/005

ASSESSMENT REPORT for Modification Proposal P183

Additional mechanisms for obtaining a valid change of Supplier read

Prepared by: Modification Group

Date of issue:	04/03/05	**Document reference:**	P183AR
Reason for issue:	Panel decision	**Issue/Version number:**	Final/1.0

This document has been distributed in accordance with Section F2.1.10[1] of the Balancing and Settlement Code.

RECOMMENDATIONS

The P183 Modification Group invites the Panel to;

- **AGREE that the Proposed Modification P183 should be made;**
- **AGREE a provisional Implementation Date for Proposed Modification P183 of 3 November 2005 if an Authority decision is received on or before 1 June 2005, or 2 March 2006 if the Authority decision is received after 1 June 2005 but on or before 1 September 2005;**
- **AGREE that Modification Proposal P183 be submitted to the Report Phase; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting of 14 April 2005.**

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

CONTENTS TABLE

Summary of Impacted Parties and Documents **2**

1 Description of Proposed Modification and Assessment Against the Applicable BSC Objectives **2**
1.1 Modification Proposal 2
1.2 Process followed 2
1.3 Proposed Modification 2
1.4 Context of agreed estimates in the Code 2
1.5 Issues raised by the Proposed Modification 2
1.5.1 Circumstances where an OSER would be acceptable 2
1.5.2 Calculation of the OSER 2
1.5.3 Provision of the OSER to the new Supplier 2
1.5.4 Submission of the estimate and Customer own reads by the new Supplier 2
1.5.5 Timing of provision of OSER 2
1.5.6 Validation and the prevention of errors 2
1.5.7 Disputed CoS reads 2
1.5.8 Interaction with P176 2
1.5.9 Implementation Date 2
1.6 Assessment of how the Proposed Modification will Better Facilitate the Applicable BSC Objectives 2
1.7 Modification Group's Cost Benefit Analysis of Proposed Modification 2
1.8 Alternative Modification 2
1.9 Governance and Regulatory Framework Assessment 2

2 Costs **2**

3 Rationale for Modification Group's Recommendations to the Panel **2**

4 Impact on BSC Systems and Parties **2**
4.1 BSCCo 2
4.2 BSC Systems 2
4.3 Parties and Party Agents 2

5 Impact on Code and Documentation **2**
5.1 Balancing and Settlement Code 2
5.2 Code Subsidiary Documents 2
5.3 BSCCo Memorandum and Articles of Association 2
5.4 Impact on Core Industry Documents and Supporting Arrangements 2

6 Summary of Consultations **2**
6.1 Modification Group's Summary of the Consultation Responses 2
6.1.1 Allowing an OSER as a CoS Meter Reading 2
6.1.2 Discretionary basis of OSER 2
6.1.3 Likelihood of use 2
6.1.4 Obligation to submit all SVA Customer provided consumption readings on CoS 2
6.1.5 Data submitted to the new NHHDC 2
6.1.6 Preventing OSER submission before SSD+5 2
6.1.7 Appropriateness of existing validation and disputes processes 2
6.1.8 Treatment of Supplier agreed reads 2
6.1.9 Facilitation of the Applicable BSC Objectives 2
6.1.10 Alternative solutions 2
6.1.11 Any further issues / comments 2
6.2 Comments and Views of the Modification Group 2

7 Summary of Transmission Company Analysis **2**

7.1 Analysis 2
7.2 Comments and Views of the Modification Group 2

8 Summary of External Advice 2

9 Implementation Approach 2

10 Document Control 2
10.1 Authorities 2
10.2 References 2

Annex 1 Draft Legal Text 2

Annex 2 Modification Group Details 2

Assessment Procedure 2

Annex 3 Assessment Consultation Responses 2

Annex 4 Transmission Company Analysis 2

Annex 5 Party and Party Agent Impact Assessments 2

Annex 6 Clarification of Costs 2

Annex 7 Applicable BSC Objectives 2

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the P183 Modification Group has been able to assess the following parties/documents have been identified as being potentially impacted by Modification Proposal P183.

Parties	
Suppliers	☒
Generators	☐
Licence Exemptable Generators	☐
Transmission Company	☐
Interconnector	☐
Distribution System Operators	☐
Non-Physical Traders	☐
Party Agents	
Data Aggregators	☐
Data Collectors	☒
Meter Operator Agents	☐
ECVNA	☐
MVRNA	☐
BSC Agents	
SAA	☐
FAA	☐
BMRA	☐
ECVAA	☐
CDCA	☐
TAA	☐
CRA	☐
Teleswitch Agent	☐
SVAA	☐
BSC Auditor	☐
Profile Administrator	☐
Certification Agent	☐
MIDP	☐
Other Agents	
SMRA	☐
Data Transmission Provider	☐

Sections of the BSC	
A	☐
B	☐
C	☐
D	☐
E	☐
F	☐
G	☐
H	☐
I	☐
J	☐
K	☐
L	☐
M	☐
N	☐
O	☐
P	☐
Q	☐
R	☐
S	☒
T	☐
U	☐
V	☐
W	☐
X	☐

Code Subsidiary Documents	
BSC Procedures	☒
Codes of Practice	☐
BSC Service Descriptions	☐
Service Lines	☒
Data Catalogues	☐
Communication Requirements Documents	☐
Reporting Catalogue	☐
MIDS	☐
Core Industry Documents	
Grid Code	☐
Supplemental Agreements	☐
Ancillary Services Agreements	☐
Master Registration Agreement	☐
Data Transfer Services Agreement	☐
British Grid Systems Agreement	☐
Use of Interconnector Agreement	☐
Settlement Agreement for Scotland	☐
Distribution Codes	☐
Distribution Use of System Agreements	☐
Distribution Connection Agreements	☐
BSCCo	
Internal Working Procedures	☐
Other Documents	
Transmission Licence	☐
System Operator-Transmission Owner Code	☐

X = Identified in Report for last Procedure
N = Newly identified in this Report

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal 183, 'Additional mechanisms for obtaining a valid change of Supplier read', (P183), was raised by Npower on 21 December 2004.

P183 is one of a package of suggested changes put forward by the Customer Transfer Programme (CTP) intended to improve the efficiency of the change of Supplier (CoS) process, not all of which affect the Code[2].

P183 itself seeks to improve the robustness of processes for obtaining a validated CoS read. It is contended that this could be addressed by:

- providing an additional mechanism for obtaining a validated CoS read in the event that existing processes do not provide one, through the provision of an old Supplier estimated read (OSER) to the new Non Half Hourly Data Collector (NHHDC) by the new Supplier; and
- removing an obligation on Suppliers to forward all SVA Customer provided consumption data to the NHHDC on CoS.

The Modification Proposal suggests that for Code purposes, this would be given effect by four key areas of change to Code and Code Subsidiary Document governance:

- an amendment to the definition of Metered Data contained within paragraph 4.2.1 of Annex S-2 of the Code so that it includes an estimated Meter reading calculated by the old Supplier for the purposes of a CoS read;
- the relaxation of an obligation on Suppliers to provide to the NHHDC any data in respect of the consumption of an SVA Metering System received directly from an SVA Customer on CoS. This obligation is currently contained within paragraph 2.3.3(b) of Section S of the Code;
- an addition to the precedence of Meter readings contained within Annex 4.4 of Balancing and Settlement Code Procedure 504, 'Non-Half Hourly Data Collection for SVA Metering Systems registered in SMRS' (BSCP504), to include a validated OSER (if available) at the bottom of this list of precedence; and
- amendments to Party Service Line 120, 'Non Half Hourly Data Collection' (PSL120), to incorporate an estimated Meter reading calculated by the old Supplier for the purposes of a CoS read.

The Proposer considers that P183 would better facilitate Applicable BSC Objective (c), 'promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity', by:

- improving the efficiency, accuracy and timeliness of the CoS process;
- improving the accuracy of CoS readings entering Settlement;
- improving the timeliness with which CoS Meter readings become available (and hence the accuracy of the Initial Settlement Run); and
- reducing the potential for discrepancies between Supplier billing and Settlement.

[2] For details of the full scope of the changes put forward by the CTP please refer to the Electricity Change Pack published on its website (reference 3).

1.2 Process followed

The P183 Initial Written Assessment (IWA, Reference 2) was presented at the Panel Meeting held on 13 January 2005, where the Panel determined that it should be submitted to a two-month Assessment Procedure by a new Modification Group (the P183 Modification Group, hereafter simply referred to as the Group).

The Group convened for the first time on 18 January 2005 and agreed the content of a consultation document to be issued for industry views and impact assessment. The consultation document was issued on 1 February 2005, with the deadline for responses falling on 10 February 2005.

The Group met for the second and final time on 14 February 2005 to consider the industry feedback received and agree its recommendations to the Panel. This document summarises the Group's considerations.

1.3 Proposed Modification

The solution developed by the Group is consistent with that set forward in the initial Modification Proposal. This is that P183 would modify the Code such that the definition of what can constitute Non Half Hourly (NHH) Metered Data would include an estimate provided by the old Supplier to the new Supplier on CoS (i.e. the OSER). An OSER may then be used to create an Annualised Advance (AA). The Code would not prescribe the submission or use of such data, simply allow the submission of that data into Settlement[3]. BSCP504 would prescribe that an OSER could only be passed on to the new NHHDC by the new Supplier between Supply Start Date (SSD)+5 and SSD+8. The OSER would have to pass NHHDC validation to be acceptable, as with other types of data treated as actual Meter readings.

In addition, where a Supplier agreed read is determined following a disputed reading on CoS, this agreed reading would also be considered to constitute NHH Metered Data.

BSCP504, which contains rules for the precedence of which validated Meter readings may be candidates for use on a CoS would be updated to reflect that an OSER is a candidate read. The OSER would fall at the bottom of this order of precedence, only being used where none of the other candidate reads was available in the CoS window (SSD±5).

In addition, P183 would relax a current obligation in the Code for Suppliers to provide all SVA Customer provided consumption data to the relevant NHHDC such that a Supplier would not need to do so was such data manifestly erroneous. This relaxation would only be allowed in relation to CoS events.

1.4 Context of agreed estimates in the Code

Section 4 of Annex S-2 of the Code dictates responsibilities and obligations with regard to Non Half Hourly Data Collection and Aggregation. The key clause within this section for the purposes of P183 is 4.2.1, which sets out what constitutes Metered Data in this context:

[3] It should be noted that the separately progressed MRA changes intend to prescribe the provision of OSERs for domestic customers.

4.2.1	In this paragraph 4 "Metered Data" shall mean only Metered Data in respect of:		
	(a)	metered Metering Systems collected by:	
		(i)	automatic/remote means;
		(ii)	site meter reading; or
		(iii)	customer reading;
		and which are not subject to half hourly metering; and	
	(b)	Unmetered Supplies not subject to Equivalent Metering.	

This definition would not currently allow for an OSER to enter Settlement as Metered Data.

It should be noted that BSCP504 currently provides that a Supplier agreed read resulting from the resolution of a disputed reading on CoS[4] may be entered into Settlement. This Supplier agreed read does not fall within the definition of Metered Data contained within Annex S-2 4.2.1 either.

Suppliers may currently be using Supplier agreed reads when disputing a CoS read. This practise may be flagged as an Audit issue until the deadline for disputing Settlement Days prior to the P183 Implementation Date has lapsed (were P183 to be approved).

1.5 Issues raised by the Proposed Modification

This section details the Group's considerations against its Terms of Reference:

- Circumstances where a CoS read generated from an estimate by the old Supplier would be acceptable;
- Circumstances where a SVA Customer own read should be used;
- The basis of any estimated Meter read submitted by the old Supplier;
- Use of SVA Customer data[5];
- Impact on Settlement Data quality;
- Whether the solution developed should be prescribed through the Code, or Code Subsidiary Documents; and
- Consideration of P176, 'Clarification of the requirements for estimation/deeming of Meter readings/advances in certain circumstances to facilitate the correction of anomalies in Settlement consumption' (P176)[6].

The Group also considered viable Implementation Dates.

1.5.1 Circumstances where an OSER would be acceptable

The Group considered the incorporation of an OSER provided for the purposes of a CoS Meter read into the definition of Metered Data in Annex S-2 of the Code. This would mean that it would constitute an 'actual' as opposed to an 'estimated' Meter reading for the purposes of Settlement in that if this estimate were selected as a validated CoS reading it could then be used to generate an Annualised Advance (AA).

[4] Generated in accordance with MRA Agreed Procedure 08, 'The procedure for resolution of disputed readings on change of supplier' (MAP08).
[5] In the context of obligations under Section S, paragraph 2.3.3(b) of the Code.
[6] In so far as directly relevant to the perceived defect.

It should be noted that amongst the proposed Master Registration Agreement (MRA) changes, raised by the CTP, is the addition of a new value to the Valid Set for the data item 'Reading Type' (J0171). This value would be 'O', denoting a 'Supplier Estimated CoS Read'. The J0171 data item appears on both the D0071 ('Customer Own Reading on Change of Supplier') and D0086 ('Notification of Change of Supplier Readings') flows although it is proposed that value 'O' only be acceptable for use on the D0071. For full details on this proposed change please refer to CTP Electricity Change Pack document 9 (reference 3). This proposed change would identify the Meter reading as an old Supplier estimate at the new Supplier and in the provision of the CoS read to the new NHHDC in a D0071. Suppliers will need to confirm their mechanisms for identifying that these reads are estimates for the purposes of customer billing from the D0086 flow, which is likely to be populated with a J0171 value of 'D'[7]. Whilst consideration of this proposed change is being progressed under MRA governance, the submission of an OSER would only be legitimate for Settlement purposes were a Modification Proposal conferring such legitimacy to be approved. This makes the practical use of this suggested change to J0171 contingent on whether P183 is approved or rejected.

The Group considered whether it was desirable to allow an OSER to be used as a CoS reading and unanimously concluded that it was. The Group recognised that other estimated CoS reads enter Settlement as 'actual' Meter readings and are used to generate AAs in a similar manner – i.e. deemed Meter readings. The Group was inclined to believe that aside from being provided in a more timely manner than deemed Meter readings, the quality of OSERs is likely to be at least as good if not better. This is because Suppliers are already dependent on the quality of such estimated Meter readings during their normal operational processes and natural disincentives exist to the submission of poor estimates, in the form of requirements to pass NHHDC validation and keep the SVA Customer happy.

In addition, the Group agreed that significant benefits of the OSER are that it would be a reading that is acceptable to the customer and both old and new Suppliers (therefore reducing costs associated with the disputes process); and that it would keep Supplier billing in line with Settlement.

The Group was satisfied that it was appropriate to use old Supplier estimates to generate AAs. It was satisfied that the read would be sufficiently robust since it would be used last in the order of precedence (but prior to deeming); would be validated by the usual new NHHDC validation; and would be agreed by both the new and old Suppliers.

1.5.2 Calculation of the OSER

The Group gave thought to how the OSER would be calculated, specifically whether this should be based upon an algorithm or methodology prescribed in the Code or a Code Subsidiary Document, or whether it should be open to the discretion of the relevant Supplier. The Group favoured the latter approach for several reasons, with both implementation and ongoing operational cost, a significant factor in each case.

Firstly, were a methodology for calculating estimates to be prescribed, the Group believed that Suppliers would need to undertake implementation work not only to give effect to such a calculation but also to alter their validation processes to cater for it. The Group considered that each individual Supplier will have its own routine for estimating CoS reads and that it would be difficult to agree, and further to that impose, a common estimating routine. The Group also noted that there is currently no prescription on how Suppliers validate Meter reading information and that because of this each individual Supplier will have developed its own approach to validation. A centrally prescribed algorithm may not be compatible with such validation techniques, resulting in a requirement to alter Supplier validation systems as well as implement estimation processes. Hence less development work to implement P183 would be required if the calculation of the OSER is left to each Supplier's discretion.

[7] 'D' currently denotes 'Deemed (Settlement Registers) or Estimated (Non-Settlement Registers)'.

In addition the Group noted that significant costs accrue to Suppliers from resolving disputed Meter readings. Allowing the old Supplier to determine the basis of the OSER whilst also allowing the new Supplier the option of whether or not to submit this reading to the new NHHDC is perceived to have benefits in reducing such disputes by allowing a Meter reading to be used that is pre-agreed by and hence mutually acceptable to, both Suppliers. It is perceived to be less likely that a centrally prescribed estimate would be acceptable to the old Supplier.

The Group acknowledged the concern of some of its members as well as some members of the Panel, regarding the rigour in generating and confirming the acceptability of the OSER. The Group considered the solution it was proposing, namely that the old Supplier, using its discretion would generate an estimate for the CoS Meter reading and would submit this to the new Supplier. The new Supplier would validate this internally and if it was considered acceptable, might send this to its new NHHDC either in addition to, in the absence of, or as an alternative to, any Customer own read it had received (please see Section 1.5.4 of this document for further details of the options being considered for which Meter readings should be submitted to the new NHHDC). The Group recognised the concerns some might have with regards to the validity of this OSER but considered that these would be mitigated since the following checks would have been carried out:

- The OSER would only be passed over to the new Supplier's NHHDC if it had been agreed by the new Supplier;
- Once passed to the new NHHDC the OSER would undergo the same Code validation as other readings;
- If the reading passed validation it would only be used if no other validated CoS readings had been received (in accordance with the BSCP 504 Appendix 4.4 order of precedence, see section 5.2 for suggested changes to this); and
- After the reading has been used the disputed reading process is still available, if on receipt of an 'actual' Meter reading or for any other reason, either Supplier decides the old Supplier estimate was in fact inappropriate.

1.5.3 Provision of the OSER to the new Supplier

The Group has developed P183 as a facilitative rather than a prescriptive Modification Proposal. The provision of an OSER by the old Supplier, and its submission to the new NHHDC by the new Supplier, would be optional rather than obliged under the Code.

The Group considered that the circumstances and mechanisms under which OSERs could, or should, be provided should fall under MRA governance.

Changes proposed by the CTP to the MRA (reference 3) would require the OSER to be provided by the old Supplier where it is able to do so and it is in relation to Domestic Premises.

The Group noted that consultation responses suggested that a considerable majority of Suppliers would wish to both provide OSERs to the new Supplier (where losing an SVA Customer); and submit OSERs to the new NHHDC (where gaining an SVA Customer).

1.5.4 Submission of the estimate and Customer own reads by the new Supplier

The CTP's proposals suggest that by SSD+5 a Supplier may have any or all of the following:

- A Point of Sale (PoS) read, pre-dating SSD-5[8]. This would not be a candidate for a CoS read. It would therefore not be contained in the order of precedence for Meter readings contained within Appendix 4.4 of BSCP504 and will not enter Settlement; and/or
- An old Supplier estimated read(s) for use as the CoS read; and/or
- An SVA Customer own read supplied between SSD-5 and SSD+5.

Please note the above paragraph considers the reads the Supplier has access to, the new NHHDC may also have a remote, Meter Operator Agent (MOA) final or initial read or an 'actual' Meter reading available to it.

Three options have been put forward as to which of these should be submitted to the new NHHDC:

- Option 1. The Supplier would submit one read type only on the D0071. This would be a SVA Customer own reading or an early PoS reading selected by proximity to SSD (if such a read is available). If these are not available then the old Supplier estimate would be submitted (if such a read is available).
- Option 2. Again, the Supplier would submit one read type only on the D0071. However, this read would be selected by the Supplier from the reads available: a SVA Customer own reading selected by proximity to SSD (if such a read is available); or an old Supplier estimate (if such a read is available).
- Option 3. The Supplier would submit all read types on the D0071. The new NHHDC would validate and use according to the order of precedence established in BSCP504.

Option 3 would not inherently necessitate the relaxation of the current obligation contained within paragraph 2.3.3(b) of Section S of the Code for Suppliers to provide all SVA Customer own reads to the NHHDC. Options 1 and 2 would require this relaxation: without it, Suppliers would remain under an obligation to provide all SVA Customer own readings to the new NHHDC.

The Group agreed that option 2 should be pursued and noted that this was consistent with the current progression of MRA Change Proposals raised by the CTP[9]. The Group believes it is appropriate that Suppliers should not be obliged to submit SVA Customer own reads to the new NHHDC where they believe on reasonable grounds and in good faith that they are not valid.

It should be noted that the Group's support for relaxing the obligation on Suppliers to provide SVA Customer own reads to the new NHHDC is caveated as limited to CoS circumstances. Any wider relaxation would not be permissible within the scope of the Proposed Modification.

1.5.5 Timing of provision of OSER

The Group has discussed when an OSER would be submitted by the new Supplier to the NHHDC, giving considerable thought to whether allowing this new Meter read type would detract from efforts to get actual Meter readings into Settlement.

The Group considered the OSER to be a 'fallback' to be used in the event that those Meter readings higher in the suggested BSCP504 order of precedence are unavailable and viewed it as supplementing rather than replacing other read types.

---

[8] It should be noted that the obligation on Suppliers to submit SVA Customer provided data to the relevant NHHDC contained within Section S paragraph 2.3.3 of the Code is only 'for each SVA Metering System for which it is responsible'. As such, a new Supplier gaining a PoS read pre-dating the start of its responsibility for the SVA Customer is not obliged to submit such PoS read to the relevant NHHDC, but is not prevented from doing so.

[9] It should be noted that an MRA determination on these CPs had not been reached at the time of writing. It is expected that such determination will be made at the MDB meeting on 31 March.

The Group agreed that there are natural disincentives to the submission of OSERs where validated actual reads exist:

- The need to keep the SVA Customer happy. The Group considered that this would be less likely if billing was based on an estimate rather than an actual; and
- A greater likelihood that a validated actual will be more accurate than an OSER.

It is noted that the D0071 may be sent more than once and the submission of an OSER does not preclude the submission of a subsequently received actual reading. Nonetheless, the Group considered that one approach to try to encourage submission of OSERs only when needed could be to prescribe that these may not be submitted by the new Supplier to the new NHHDC earlier than SSD+5 (noting that this is the latest date on which any of the other Meter read types higher in BSCP504's order of precedence may be acceptable). The Group contends that having such a constraint will support the order of precedence set forward in BSCP504, which would give greater status to valid remote, Final, MOA, NHHDC and SVA Customer own reads (where available).

From SSD+8 onwards, deeming processes would be triggered as at present. The window for use of OSERs would therefore in practice be restricted to between SSD+5 and SSD+8. The Group noted that the majority of consultation respondents supported such an approach (see section 6.1.6 of this document).

1.5.6 Validation and the prevention of errors

The Group gave thought to what processes, if any, should exist to ensure that the OSER is reasonable and to rectify instances where it is not.

Noting that a discretionary approach was being put forward as to the basis of the OSER, the Group has not proposed any specific validation techniques that should be carried out by either the new or old Supplier to determine its acceptability.

The Group is minded that appropriate safeguards as to the integrity of such estimates may be provided by the pre-existing validation techniques carried out by the new NHHDC and MRA procedures for resolving disputed Meter readings. Minimum requirements for validation that new NHHDCs shall meet are stipulated in Appendix 4.2 of BSCP504 (reference 4). The Group did not consider any changes to these and the continuation of such validation is perceived to be a necessary tool to ensure that any estimation by the old Supplier is acceptable.

In addition, no changes are proposed to the existing MRA procedures for resolving disputed Meter readings. These are detailed in MRA Agreed Procedure 8, 'The procedure for resolution of disputed readings on change of supplier' (reference 5), although it was noted that there are changes being made to this process by the CTP.

1.5.7 Disputed CoS reads

The Group considered the disputed CoS process outlined in BSCP504 where, following a dispute over a Meter reading on CoS, the two Suppliers involved can agree a new reading and enter it into Settlement. This Supplier agreed read does not fall within the definition of Metered Data contained within Annex S-2 4.2.1 of the Code. The Group considered that P183 was trying to resolve an issue regarding a form of agreed reading entering Settlement and recognised that similar issues may apply to Supplier agreed reads following a dispute.

OSERs have some similarities with the Supplier agreed reads following a dispute that are currently described in BSCP504, although these occur much later in the process:

- Both reads are agreed between the old and new Suppliers; and

- Both occur in the context of the CoS process.

The Group considered that MAP08/BSCP504 Supplier agreed read mechanism is an agreed industry process and one that is potentially beneficial to Settlement as it provides a way to resolve erroneous CoS reads. In light of the similarities between the two types of agreed reads and the wording of the Proposed Modification, the Group considers that it would be desirable, and within the scope of P183, to recognise Supplier agreed reads within the definition of Metered Data developed by the Group in Annex S-2 Section 4.2 of the Code.

One member of the Group considered that the recognition of the Supplier agreed read following a dispute as Metered Data and its inclusion in the legal text was essential to their support of P183. This is because it would act as a safeguard in the case where the suggested new CoS read was wrong for any reason. In such circumstances, there would be a need for a consistent, non defective disputed read process.

The Group noted the strong support of industry for including Supplier agreed reads within the P183 legal text, and have adopted an approach that allows this.

1.5.8 Interaction with P176

P176 was raised by Npower Limited on 4 October 2004.

P176 is currently in the Report Phase, with the Panel due to consider the responses to the consultation on its draft Modification Report at its meeting on 10 March 2005. The Panel's provisional recommendation is that it be approved.

The Group considered the relevance of P176 to P183. Both address a perceived defect in Section S of the Code relating to procedures providing for the estimation/deeming of Meter readings, including in CoS scenarios. The Group was aware of the issues discussed, and solutions proposed, by the P176 Modification Group.

P183 would affect processes carried out in the window between SSD+5 and SSD+8, whilst P176 would affect those from SSD+8 onwards. The Group therefore did not see any overlap between P176 and P183 and has developed legal text for P183 that is not contingent on the approval or rejection of P176.

1.5.9 Implementation Date

Notwithstanding that P176 and P183 have been developed in a fashion that would allow each to be implemented on a standalone basis if required, the Group favours the synchronous development of P176 and P183 changes in order to aid a consistent approach to system, process and documentary changes. The Group also favours the incorporation of P183 into a scheduled release in order to reduce costs, by ensuring that implementation costs would be restricted to incremental increases to the scope of that release rather than requiring the separate development and deployment of P183, with the commensurate overheads that would be required for a standalone project.

For this reason, the format for Implementation Dates put forward for P183 replicates those put forward for P176 and would see P183 incorporated into a scheduled release: 3 November 2005 if an Authority decision is received on or before 1 June 2005; or 2 March 2006 if an Authority decision is received after 1 June 2005 but on or before 1 September 2005.

Please see sections 2 and 9 of this document for further details on implementation costs and approach.

1.6 Assessment of how the Proposed Modification will Better Facilitate the Applicable BSC Objectives

The Applicable BSC Objectives for the transitional period between BETTA go-active and BETTA go-live, as contained in the Transmission Licence, are detailed in Annex 7 of this document.

The Group believes that P183 would better facilitate the Applicable BSC Objectives. This opinion is framed against objective (c), 'promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'.

The Group believes that P183 will make the CoS process more robust and will lower exception costs relating to disputed deemed Meter readings, by reducing the number of CoS where deemed Meter readings are used. Given the low profit margins associated with domestic supply, any reduction in costs associated with CoS is considered to facilitate increased competition between Suppliers.

Competition is also perceived to be facilitated through improving the customer experience of CoS circumstances, therefore increasing incentives for an SVA Customer to undergo CoS.

The Group expressed a strong opinion that allowing OSERs would therefore be in the best interests of both Suppliers and SVA Customers.

In addition, the Group believed that allowing OSERs would align Settlement data more clearly with Supplier billing, with consequent improvements to the integrity of Settlement.

The Group agreed that Suppliers should not be obligated to submit SVA Customer provided consumption data to the NHHDC in CoS circumstances where it believes on reasonable grounds and in good faith that it is not valid. The Group believes that removing this obligation would reduce unnecessary costs on Suppliers and NHHDCs around the CoS event, further bolstering the case that P183 would foster Supplier competition (i.e. facilitate objective (c)). It was noted that the Group only had remit to address this perceived defect in relation to CoS circumstances given the scope of P183, and that inefficiencies resulting from this obligation may not be restricted to CoS events.

1.7 Modification Group's Cost Benefit Analysis of Proposed Modification

The Group considered that costs of implementing P183 are restricted to updating the Code and Code Subsidiary Documents in line with those changes identified in Section 5 of this document.

The Group considered that failings in the CoS process are the source of significant costs to industry, which in turn has a damaging effect on Supplier competition. P183 would reduce these costs, especially through driving a reduction in disputed deemed Meter readings. The Group was very confident that cost reduction benefits resulting from P183 would significantly outweigh any costs associated with its implementation.

It should be noted that the implementation of MRA Change Proposals to modify the D0071 will have associated costs to industry. These are outside the scope of P183 and will need to be considered under the MRA change procedures.

1.8 Alternative Modification

The Group did not identify any Alternative Modification that would, as compared to the Proposed Modification, better facilitate achievement of the Applicable BSC Objectives.

1.9 Governance and Regulatory Framework Assessment

No impact on the statutory, regulatory and contractual framework within which the Code sits was identified by the Group.

2 COSTS[10]

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£ 1,000
Legal/expert Cost	£ 0
Impact Assessment Cost	£ 0
ELEXON Resource	35 Man days £ 8,280

IMPLEMENTATION COSTS

		Stand Alone Cost	P183 Incremental Cost	Tolerance
ELEXON Implementation Resource Cost		38 Man days £ 8,360	11 Man days £ 2,420	+/- 10%
Total Implementation Cost		£ 8,360	£ 2,420	+/- 10%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P183 Incremental Cost	Tolerance
Service Provider Operation Cost	£ 0 per annum	£ 0 per annum	+/- 0%
Service Provider Maintenance Cost	£ 0 per annum	£ 0 per annum	+/- 0%
ELEXON Operational Cost	£ 0 per	£ 0 per annum	+/- 0%

[10] Clarification of the meanings of the cost terms in this section can be found in annex 7 of this report

	annum		

3 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

The Group believes that P183 would improve the robustness of the CoS process; improve the SVA Customer experience of the CoS process; reduce exception costs and increase Supplier competition. These benefits would better facilitate Applicable BSC Objective (c) for the reasons given in section 1.6 of this document, and the Group therefore recommend that P183 be approved.

- **It is therefore recommended to the Panel that P183 be approved.**

The Group suggests that it would be beneficial to see P183 implemented on the same day as P176, given that both would require changes to the same Code Subsidiary Documents, and same areas of the Code. The Group also favours the incorporation of P183 into a scheduled release in order to reduce costs, by ensuring that implementation costs would be restricted to incremental increases to the scope of that release rather than requiring the separate development and deployment of P183, with the commensurate overheads that would be required for a standalone project. The proposed Implementation Dates put forward for P183 are therefore the same as those put forward for P176, and correspond with those of the November 2005 and March 2006 scheduled releases.

- **It is recommended to the Panel that P183 be implemented on 3 November 2005 if an Authority decision is received on or before 1 June 2005, or 2 March 2006 if an Authority decision is received after 1 June 2005 but on or before 1 September 2005.**

The Group does not wish to seek an extension to the Assessment Procedure and believes that it has adequately covered each of the issues set out in its Terms of Reference.

- **It is recommended to the Panel that P183 should proceed to the Report Phase.**

4 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following have been identified as potentially being impacted by the Proposed Modification and any Alternative Modification.

4.1 BSCCo

No post-implementation impact has been identified on the BSCCo, were P183 to be approved.

4.2 BSC Systems

No impact has been identified on any of the BSC Agents or central BSC systems and processes, were P183 to be approved.

4.3 Parties and Party Agents

Party and Party Agent impact assessments received in response to the consultation document are appended to this document as Annex 5.

A number of respondents identified the requirement for system, process and software changes and have given implementation lead times commensurate with the need to make such changes. The majority of these respondents were from companies who had provided members for the Group, and the Group categorises these impacts as indicative of overall lead times to deliver the suite of CTP changes rather than those specific to P183, noting that P183 does not prescribe the use of OSERs. Two

respondents who had requested at least six months lead time and who were not represented on the Group, were individually contacted to ascertain if their lead time estimates represented P183 or MRA change lead time. Both indicated the latter, whilst expressing a preference that P183 and MRA changes be implemented simultaneously if possible to avoid any potential for market confusion.

It is the belief of the Group that P183 should be implemented in the November 2005 scheduled release.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

The draft legal text for P183 is appended to this document as Annex 1, and should be referred to for definitive changes put forward by the Group.

In summary:

- Paragraph 4.2.1 of Annex S-2 of the Code would be modified to include a new category of Metered Data. This would be a Meter reading on CoS that is estimated by the old Supplier and is agreed by the new Supplier in accordance with BSCP 504. It should be noted that this definition would allow both OSERs and Supplier agreed reads, with BSCP 504 prescribing the circumstances in which each type of Meter reading can be used.
- Paragraph 2.3.3(b) of Section S of the Code would be modified to relax the current obligation on a Supplier to provide any SVA Customer provided consumption data to the NHHDC. This relaxation would only relate to SVA Customer provided consumption data on CoS, and would only be applied where the Supplier believes on reasonable grounds and in good faith that such data is not valid.

5.2 Code Subsidiary Documents

BSCP504 would require amendment to update the order of precedence for Meter readings contained in Appendix 4.4. This would need to include an OSER at the bottom of this order of precedence, only being used where none of the other types of valid Meter reading were available.

The table below gives an indication of what the changed Appendix 4.4 may look like:

4.4 Precedence of Meter Readings - Change of Supplier.

1. All valid actual (Remote, MOA, NHHDC, and Customer Own) readings are potential candidates for the CoS reading, provided they are read within SSD ±5 days.
2. If the first reading after SSD is a Final read then this read must be used, irrespective of any other reads available.
3. The reading closest to (ignoring sign) or on SSD is used to generate the SSD reading. If there are multiple reads on the same day then the precedence (if systems can cope), is Remote, (1st choice), MOA Final, NHHDC, Customer Own reading (last choice).
4. If two reads fall equally either side of SSD, then the +SSD read is used.
5. If no valid Remote, MOA Final, NHHDC or Customer Own reading is available within SSD ±5 days, then a valid Old Supplier Estimated reading (if received) will constitute a potential candidate for the CoS reading and must be used.

BSCP504 will also require changes to preclude the submission of OSERs to the new NHHDC prior to SSD+5.

PSL120 may require changes to bring it in line with the Code and BSCP504, acknowledging the introduction of OSERs.

5.3 BSCCo Memorandum and Articles of Association

Neither the BSCCo Memorandum nor its Articles of Association would be impacted by P183.

5.4 Impact on Core Industry Documents and Supporting Arrangements

No other Core Industry Documents or supporting arrangements would be impacted by P183[11].

6 SUMMARY OF CONSULTATIONS

A consultation document was issued for industry feedback on 1 February 2005. The deadline for responses was 10 February 2005. 13 responses were received, representing 53 Parties and 8 non-Parties.

Consultation question	Respondent agrees	Respondent disagrees	No opinion / other
Do you agree that an old Supplier estimated Meter reading should be allowed as a CoS Meter reading?	10[12] (48 + 2)	3 (5 + 6)	0
Do you agree with the Group's provisional view that the basis of the old Supplier estimate should not be prescribed, but should instead be left open to the discretion of the old Supplier?	9 (48 + 1)	3 (5 + 3)	1 (0 + 4)
This question should only be answered by Suppliers: In practice, would you be likely to either: • Provide an estimated Meter reading to the new Supplier in CoS circumstances where losing an NHH SVA Customer; and/or • Validate and submit an estimated Meter reading to the new NHHDC in CoS circumstances where gaining an NHH SVA Customer?[13]	8 (47 + 0)	1 (5 + 0)	5 (1[14] + 8)
Do you believe that the current Code obligation on a new Supplier to provide all SVA Customer own readings to the NHHDC at the time of a CoS should be removed?	8 (37 + 2)	5 (16 + 6)	0

[11] It should be noted that the changes to MRA requirements put forward by the Customer Transfer Programme are being progressed separately under MRA change procedures and would not be implemented as part of P183.
[12] Number of respondents. Bracketed numbers indicate the number of Parties and non-Parties respectively.
[13] For this question, a response was categorised as agreeing if the respondent would both provide *and* submit OSERs. If the respondent would provide but not submit, or submit but not provide, the response was categorised as 'No opinion/other'.
[14] One respondent indicated that they would provide an estimated Meter read as an old Supplier, but would submit one without validation to the NHHDC as the new Supplier.

The Group's preference is that only one read type should be submitted to the new NHHDC on the D0071. This would be a Supplier validated SVA Customer own reading, selected by proximity to SSD, where this is available. If this is not available, an old Supplier's estimated Meter reading (again, where available) would be an acceptable alternative. Do you agree with this approach?	8 (37 + 2)	4 (11 + 6)	1 (5 + 3)
Do you agree that new Suppliers should be prevented from providing an old Supplier estimate to the new NHHDC before SSD+5?	9 (24 + 8)	3 (24 + 0)	1 (5 + 0)
Do you agree that the continuation of (unchanged) existing NHHDC validation obligations and MRA meter read disputes procedures are appropriate safeguards to ensure the integrity of old Supplier estimates?	12 (44 + 8)	1 (9 + 0)	0
Do you believe that Supplier Agreed Reads should also be recognised as Metered Data by the Code?	9 (48 + 1)	2 (5 + 2)	2 (0 + 5)
Do you believe Proposed Modification **P183** better facilitates the achievement of the Applicable BSC Objectives?	9 (48 + 1)	4 (5 + 7)	0
Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?	3 (11 + 4)	9 (41 + 4)	1 (1 + 0)
Does P183 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure / are there any further comments on P183 that you wish to make?	4 (20 + 2)	8 (33 + 5)	1 (0 + 1)

6.1 Modification Group's Summary of the Consultation Responses

6.1.1 Allowing an OSER as a CoS Meter Reading

The majority of respondents were in favour of an OSER being allowable as a CoS Meter reading.

Those who supported this suggested that an improvement in Settlement data quality would result from using the OSER reading, which was perceived to be both more accurate (because Suppliers would be more likely to consider abnormal consumption profiles) and more timely than a deemed read generated by the NHHDC and that it would therefore form a useful reading of last resort. A reduction in the potential for discrepancies between the old Supplier's closing bill and the new Supplier's opening bill was perceived as resulting from the use of OSERs. The implicit agreement of both Suppliers to use the OSER, where submitted, was perceived as reducing the risk and costs associated with the read being disputed. Several respondents highlighted that it would be a useful 'reading of last resort' in preference to deeming.

A minority considered that an OSER should not be allowed to constitute a CoS Meter reading. One such respondent stated that only a minority of CoS readings are disputed and felt that this indicated that the quality of deemed reads is acceptable to Suppliers, arguing that OSERs may actually lead to more disputed CoS readings and problems between Suppliers and NHHDCs where an OSER is not used

by the NHHDC as the CoS reading. This respondent argued that use of OSERs may discourage new Suppliers from asking for actual Meter readings. Another argument put forward against P183 was that the window within which OSERs could be used – between SSD+5 and SSD+8 – was too short to be practical.

6.1.2 Discretionary basis of OSER

The majority of respondents agreed with the Group's view that the basis of the OSER should not be prescribed, but should be left open to the discretion of the old Supplier.

It was argued that such an approach would allow the use of existing estimation routines that Supplier's believe to be effective, as they are already dependent on the quality of such estimates during their normal operational processes. Such routines will be different for each Supplier, and prescribing a common standard that all should adapt systems for was argued to be unnecessary, costly and time-consuming to develop. Furthermore, prescription was considered unwarranted as the number of CoS events that will be reliant on OSERs is likely to be small. An OSER submitted to a new NHHDC would still have to pass its validation processes, and it was argued that this would form a safeguard to the quality of Supplier estimated data.

Several of the respondents in support of OSERs made reference to the possible need for basic rules excluding their use where the old Supplier had ownership of the Metering System for a very short period of time or had insufficient previous actual reads.

A minority opposed leaving OSER formulation at the discretion of Suppliers. The concerns of these respondents related to data quality and the likelihood of such reads passing NHHDC validation. It was argued that allowing discretion in OSER calculation would create inconsistency between Supplier readings; more chance of variation in the quality of estimates provided; and an increased likelihood of validation failures.

6.1.3 Likelihood of use

This question was Supplier-specific, the majority of whom indicated that they would be likely to both provide an estimated Meter reading to the new Supplier in CoS circumstances where losing an NHH SVA Customer and validate and submit an estimated Meter reading to the new NHHDC in CoS circumstances where gaining a NHH SVA customer.

Supporters expressed a belief that this would reduce both deemed and disputed reads on CoS, to the benefit of both customers and Suppliers. Only one Supplier respondent would not either provide or submit OSERs, arguing that they had greater confidence in the processes and overall accuracy of NHHDC estimates (ie deeming).

The reference to validation in the question prompted comments, with several respondents indicating that responsibility for this would rest with the NHHDC rather than the Supplier, and one highlighting that Supplier validation processes should not be prescribed under P183.

Several responses made reference to whether they would take up an option, or follow an obligation, to provide or submit OSERs in their responses. For clarity, it should be stressed that P183 does not mandate the provision or submission of OSERs – it simply legitimises their use from a Code perspective.

6.1.4 Obligation to submit all SVA Customer provided consumption readings on CoS

The majority of respondents supported the relaxation of a current obligation on Suppliers to provide all SVA Customer provided consumption data to the NHHDC where a CoS is taking place.

Those in support highlighted that the current obligation may mean that spurious reads (i.e. where a Customer has read a different utility meter) need to be submitted to the NHHDC. This is argued to be

inefficient and resulting in unnecessary processing work for both Suppliers and NHHDC. Submitting such data was contended to be potentially degrading to the quality of Settlement.

The minority of respondents who did not support relaxing this obligation counter-argued that it would be degrading to the quality of Settlement not to submit all SVA Customer provided reads into Settlement. It was argued that whilst having more information available to the NHHDC may complicate processing it is more likely to provide an accurate usable reading and that all readings can be used to help validate future readings and increase the accuracy of Settlement.

6.1.5 Data submitted to the new NHHDC

The majority of respondents considered it sensible to submit only one reading type to the NHHDC on the D0071, as at present. Changing the D0071 to include multiple readings was argued to be unnecessary and would require extraneous system and process changes. It was noted by one that the Supplier has the responsibility for billing the Customer and resolving any disputes, making it appropriate that they should be the decision maker on what data to submit to the NHHDC according to the order of precedence for acceptable Meter readings.

A minority of respondents disagreed with the provision of only one Meter reading on the D0071. These respondents either argued that the provision of multiple reads would facilitate validation, or opposed the use of OSERs. One respondent favoured the submission of all available candidates for CoS Meter readings to the NHHDC on a single flow, although it was noted by a different respondent that there is nothing to prevent the D0071 being sent more than once in order to give the NHHDC multiple candidate readings.

6.1.6 Preventing OSER submission before SSD+5

The majority of respondents favoured constraining the submission of OSERs to the NHHDC such that this could not take place prior to SSD+5.

These respondents considered that the OSER was a fallback read to be used where other reads higher up the order of precedence did not exist or had failed validation, and that it was therefore appropriate to give time for existing processes to work before allowing its use. The presence of a time constraint was therefore argued to support efforts to get actual Meter readings into Settlement, where possible. Even with this time constraint, it was argued that OSERs could be used much more quickly than deemed reads where the deeming process fails.

Those who disagreed did so for various reasons of principle and practice. One argued that Suppliers tend to submit Meter readings at the last moment, so was unconvinced that mandating the SSD+5 threshold for OSER use was useful. Others argued that natural disincentives exist to the use of the OSER; that Suppliers and NHHDCs are able to determine which Meter readings are appropriate; and that Suppliers may know that no actual Meter readings will be available - making it inappropriate to put an artificial time constraint on Supplier data submission. One respondent linked their lack of support for a time constraint to their wish to see all candidate Meter readings submitted on the D0071.

6.1.7 Appropriateness of existing validation and disputes processes

The majority of respondents considered that existing NHHDC validation obligations and MRA Meter reading disputes procedures are appropriate safeguards to ensure the integrity of OSERs.

These respondents considered that existing validation procedures should stop poor estimates from entering Settlement, and that the existing disputes process is an appropriate safety net should any errors need to be backed out. One highlighted that it is not in the best interests of the old Supplier to provide poor estimates which may be rejected by the NHHDC or disputed by the new Supplier and/or SVA Customer, and that this made it appropriate that validation and disputes procedures should cover

OSERs. One supportive respondent suggested a need to monitor the types of readings being utilised during the CoS process to see how OSERs are being used in practice.

One respondent disagreed with the continuation of existing obligations, highlighting that existing precedence rules contained in BSCP504 could value an OSER above a valid SVA Customer own read were it closer to SSD.

6.1.8 Treatment of Supplier agreed reads

The majority supported the Code treating Supplier agreed reads, generated as an outcome of the MRA disputes process, as Metered Data.

This was seen as an additional safeguard to the CoS mechanism to allow the correction of erroneous data and align Settlement with the actual position of both Suppliers. It was further suggested that data agreed between both Suppliers and the SVA Customer under MAP08 should constitute satisfactory Settlement data, and that treating it as such would align the Code with that MRA Procedure and BSCP504.

The minority of respondents who did not support the integration of Supplier agreed reads did so because they considered that they were estimated not actual Meter readings, and they did not consider that the Code definition of Metered Data should include estimates.

6.1.9 Facilitation of the Applicable BSC Objectives

A majority of respondents considered that P183 would better facilitate the Applicable BSC Objectives.

Improvements to the robustness and ease of the CoS process; the accuracy of Settlement; and the alignment of Settlement with Supplier billing were all put forward as arguments towards the better facilitation of objective (c), *'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'*. In addition, improvements in the quality of data entering Settlement were argued to facilitate objective (d) *'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'*. Furthermore, OSER information was argued to provide information that would be useful in the disputes process and providing a wider picture for future customer billing.

Opponents to P183 argued that it would not aid efficiency or competition, arguing that it would result in costs for all parties and may generate queries and confusion between Suppliers and NHHDCs that outweigh any benefits. It was suggested that allowing OSERs and Supplier agreed reads following dispute to constitute Metered Data may undermine Settlement quality without speeding up the CoS process. One respondent contended that the objectives are too high level to judge whether P183 would have an effect, categorising it as a minor element in a quagmire of regulations, guidelines and working practices.

6.1.10 Alternative solutions

There were few comments on this question, and those received put forward issues outside the direct scope of P183.

One respondent suggested that the old Supplier's last Meter reading would be of more value to the new Supplier than an OSER, although acknowledged that this could not be used as an alternative CoS read.

One respondent asserted that the Proposed Modification does not go far enough, indicating that MRA Agreed Procedure 08, 'The procedure for resolution of disputed readings on change of supplier' (MAP08), (which is not a Code Subsidiary Document) should be amended to address current

governance that allows an NHHDC to reject Meter readings through being 'unwilling or unable' to process them.

One respondent considered that the root cause of delayed CoS events, which they perceived to relate to the transfer of Meter reading history and Meter technical details, should be addressed.

6.1.11 Any further issues / comments

An NHHDC expressed concern that P183 could increase the level of queries between Suppliers and NHHDCs as to why OSERs have not been used as CoS readings.

A concern was raised against the order of precedence rules suggested for BSCP504, suggesting that the existing rules could result in an OSER taking precedence over an actual Meter reading if it were closer to SSD. The respondent suggested an alternative order of precedence to ensure that this did not happen.

That respondent additionally expressed concern that point of sale readings should not be contained within the P183 solution, and that Supplier validation could not be easily defined. It should be noted that P183 neither suggests any changes to the treatment of point of sale readings nor attempts to define Supplier validation processes.

Another respondent suggested that the use of OSERs should be mandated for the domestic market and optional for the non-domestic market. Clarity on the treatment of Pre-Payment Meter readings under P183 was sought, along with input on the implementation timescales required by NHHDCs. This respondent considered that were both P176 and P183 approved, the propensity for deeming on CoS would reduce. It was suggested that there would be value in a joint ELEXON/MRASCo working group being convened after both Modification Proposals and other CTP changes have been determined upon, in order to ensure processes and timescales are correctly aligned.

A Supplier suggested that new processes for obtaining CoS reads may not improve Customer transfer processes if taken in isolation, as if the new NHHDC does not receive the D0152 flow, 'Metering System EAC/AA Historical Data', from the old NHHDC it will not be able to validate any information (including the OSER) it receives from the new Supplier. It was asserted that more robust processes are needed to ensure the transfer of this information between NHHDCs on CoS/change of Party Agent.

6.2 Comments and Views of the Modification Group

The Group noted that the majority of respondents supported the use of OSERs as a CoS Meter reading and agreed with the rationales put forward by those in support.

They considered the arguments against legitimising OSERs to be weak. The Group does not believe that the availability of OSERs would discourage Suppliers from seeking or using actual Meter readings, re-iterating their belief that a natural disincentivise to this exists – the desire to keep customers happy and avoid disputes by billing on actual Meter readings.

In addition, the Group did not believe that OSERs would be likely to be poorer estimates than deemed Meter readings resulting in more disputes, noting that Supplier estimation techniques are good enough for current use in customer billing and that these OSERs would still need to pass NHHDC validation. The Group does not agree with the assertion of an NHHDC respondent that a low number of disputed deemed Meter readings indicates that the quality of deemed Meter readings is acceptable to Suppliers, noting that this Modification Proposal was put forward by, and appears to have the broad support of, Suppliers who are dissatisfied with current processes.

The Group believed OSERs can only improve Settlement data quality, noting that they are in addition to, rather than replacement of, other types of allowable Metered Data on CoS.

The Group was minded that the key benefit of OSERs is their acceptability to both the old and new Supplier and the SVA Customer. Given the low profit margins of domestic supply businesses, the use of OSERs as a way to avoid protracted and/or disputed Meter reading handovers on CoS, with consequent improvements to the SVA Customer experience, is believed to merit the use of this additional Meter reading type.

The Group noted that the majority of respondents agreed that the basis of the OSER should not be prescribed, but should be left open to the discretion of the old Supplier.

The Group agreed with the prevalent view that central prescription would be costly; difficult and time-consuming to agree on; and unnecessary given that the number of CoS enacted on OSER is likely to be small.

The Group noted that two respondents, who were also members of the Group, had suggested that controls should be in place to preclude the generation of OSERs where the old Supplier may not be able to come up with an accurate estimate because it had either held responsibility for the SVA Customer for a very short period of time; or had fewer than two previous actual Meter readings. The Group agreed unanimously that the appropriate place for such controls was in the MRA, and noted that this is under consideration as part of the wider suite of CTP changes. The Group advises the Panel that its recommendation that the basis of the OSER calculation be discretionary is not contingent on the outcome of the MRA considerations, and that it would support the basis of the OSER calculation being discretionary even were no MRA controls to be put in place.

The Group disagreed with the data quality concerns expressed by a minority, re-iterating their belief that the current use of estimates in Supplier billing; the requirement that OSERs pass NHHDC validation; and their use only where no other acceptable read exists would guard against this.

The Group noted that all but one of the Supplier respondents indicated that they would make use of OSERs were the Code to allow this, and believes this highlights the usefulness of allowing them to do so.

The Group considered that the responses to question 4 accorded with their belief that Suppliers should not have to submit SVA Customer provided data to the NHHDC where it believes on reasonable grounds and in good faith that it is not valid. It was noted that inefficiencies relating to this obligation may not be restricted to CoS circumstances, but that the Group did not have scope to consider relaxing this obligation more generally given that the Proposed Modification is focused on improving CoS processes.

The Group noted that responses suggested a general preference for a single read to be submitted to the NHHDC on the D0071 but that the final determination on the format of the D0071 is yet to be reached under MRA change procedures. The Group re-affirmed its view that the OSER should not be submitted in preference to any other Meter reading higher up the BSCP504 order of precedence in whatever solution is adopted.

The Group agreed with the support for the OSER window starting no earlier than SSD+5, in order to give time to see whether actual Meter readings are received, and ending at SSD+8 when deeming provisions would be triggered.

The Group considered that such a solution appropriately dovetails with P176, which modifies deeming provisions that take effect from SSD+8 onwards. The Group does not consider that P176 and P183 overlap, and advises the Panel that a decision to approve P183 would not be contingent on a decision to approve P176.

The Group discussed a suggestion by a respondent, who was also a Group member, that additional monitoring of the types of reading being used for CoS should be introduced. The respondent clarified that they were not suggesting a new PARMS serial or standard under the Code, but would like to see

the CTP quality management workstream give thought to the provision of information relating to the use of OSERs in practice, should they be legitimised in the Code. The CTP has noted this concern and will be taking it forward separately from P183.

The Group noted the concerns raised by one Supplier with regard to whether OSERs would be integrated correctly into the BSCP504 order of precedence, and agreed to amend this such that an OSER could not take precedence over a valid actual Meter reading. The Group also agreed to appropriately integrate pre-payment Meters into the order of precedence (see section 5.2 of this document).

The Group believed the weight of argument put forward against the Applicable BSC Objectives weighs with the better facilitation of Applicable BSC Objective (c), 'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'. It concurred with the arguments put forward suggesting that P183 would improve the robustness and ease of CoS and the quality of data entering Settlement, thereby facilitating Supplier competition.

It expressed frustration that one of the principal perceived benefits of P183 – to improve the Customer experience of CoS – could not be easily aligned with the Applicable BSC Objectives, and suggested that the Authority should be mindful of this benefit when making a determination on the Proposed Modification.

The Group noted advice from ELEXON that Applicable BSC Objective (d), 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements', was usually interpreted in terms of identifying improvements to BSCCo and/or BSC Agent systems and processes, rather than those of Parties or Party Agents. The Group did not perceive any significant positive or negative impact of P183 on BSCCo and/or BSC Agent systems and processes, and did not put forward a case for P183 better facilitating this objective.

The Group did not identify, or seek to develop, any Alternative Modifications as a result of the consultation responses.

It was highlighted that the MRA proposals mandate the provision of OSERs for Domestic Premises, but is silent on the provision of OSERs for non-Domestic premises. P183 enables, rather than prescribes, the use of OSERs and does not differentiate between domestic and non-domestic NHH SVA premises.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

The Transmission Company does not believe its ability to discharge its obligations under the Transmission Licence would be affected by P183.

It has neither identified any implementation or ongoing operational impacts or costs, nor any consequential changes to Core Industry Documents or the System Operator Transmission Owner Code that would result from the Proposed Modification.

It is supportive of the view of the Group that the Proposed Modification better facilitates Applicable BSC Objective (c), stating that the provision of a further category of CoS read will ease the CoS process and bring greater clarity to the transfer of data between old and new Suppliers.

A full transcript of the Transmission Company analysis can be found in Annex 4.

7.2 Comments and Views of the Modification Group

The Group noted that the Transmission Company was supportive of P183 better facilitating Applicable BSC Objective (c), without being directly affected were it to be implemented.

8 SUMMARY OF EXTERNAL ADVICE

The Group did not procure any external consultancy advice in reaching its recommendations.

9 IMPLEMENTATION APPROACH

P183 would be implemented on a Settlement Day basis (i.e. prospectively), with the implementation carried out by the Change Delivery function within BSCCo.

BSCCo implementation effort is estimated at 8 man days for making changes to the Code and Code Subsidiary Documents; plus either 3 or 30 man days release costs, dependent on whether P183 were incorporated into a pre-existing scheduled release or implemented on a standalone basis. The Group has proposed that P183 be incorporated into either the November 2005 or March 2006 scheduled release.

It should be noted that BSCP504 currently provides that a Supplier agreed read resulting from the resolution of a disputed reading on CoS may be entered into Settlement. This Supplier agreed read does not fall within the definition of Metered Data contained within Annex S-2 4.2.1.

This practise may be flagged as an Audit issue until the deadline for disputing CoS reads for Settlement Days prior to the P183 Implementation Date has lapsed, were P183 to be approved.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	21/02/05	Richard Hall	Dena Harris	Internal review
0.2	21/02/05	Richard Hall	P183MG	Mod Group review
0.3	28/02/05	Richard Hall	Sarah Parsons	Technical review

10.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	Modification Proposal P183: http://www.elexon.co.uk/documents/modifications/183/P183.pdf	BSCCo	20/12/04	N/A
2	Initial Written Assessment for Modification Proposal P183: http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_088_-_Papers/88_011a.pdf	BSCCo	07/01/05	1.0
3	Electricity Change Pack: http://www.energy-retail.org.uk/ctp_docs/CTP_Electricity_Change_Pack_Dec04.zip	CTP	20/12/04	1.0
4	Balancing and Settlement Code Procedure 504, 'Non-Half Hourly Data Collection for SVA Metering Systems registered in SMRS': http://www.elexon.co.uk/documents/BSC_and_Related_Documents/BSC_-_BSCPs/BSCP504.pdf	BSCCo	04/11/04	11.0
5	MRA Agreed Procedure 8, 'The procedure for resolution of disputed readings on change of supplier': http://www.mrasco.com/common/eonicweb/download.asp?docId=290	MRASCo	02/08/04	2.1
6	Party Service Line PSL120, 'Non Half Hourly Data Collection': http://www.elexon.co.uk/documents/BSC_and_Related_Documents/BSC_-_Service_Lines_-_PSLs/PSL120_v13.pdf	Poolit Limited	04/11/04	13.0
7	Modification Proposal P176: http://www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationDocumentation/modProposalView.aspx?propID=190	BSCCo	04/10/04	N/A
8	P183 Consultation Document: http://www.elexon.co.uk/documents/Consultations/P183_Assessment_Consultation/P183AC10.pdf	BSCCo	31/01/05	1.0

ANNEX 1 DRAFT LEGAL TEXT

Draft legal text is appended to this document as a separate attachment.

ANNEX 2 MODIFICATION GROUP DETAILS

The Group met twice to discuss P183: on 18 January 2004; and on 14 February 2004. The following tables identify the Modification Group members and the other attendees for these meetings.

Member	Organisation	18/01/2005	14/02/2005
Dena Harris	ELEXON (Chairman)	✔	✔
Richard Hall	ELEXON (Lead Analyst)	✔	✔
Jason Brogden	CTP (Proposer's representative)	✔	✔
Phil Russell	Independent Consultant	X	X
Claire Walsh	Centrica	✔	✔

Jill Ashby	Gemserv	✔	✔
Bob Brown	Independent Consultant	✔	✔
Sandy Crump	E.ON UK	✔	✔
Martin Brandt	Scottish & Southern	✔	X
Louisa Stuart-Smith	Npower	✔	✔
Tim Roberts	Scottish power	✔	✔

Attendee	**Organisation**	**18/01/2005**	**14/02/2005**
Ian Anthony	Ofgem	✔	✔
Lisa Deverick	ELEXON (Lawyer)	✔	✔
Jon Spence	ELEXON (Technical expert)	✔	X
Richard Harrison	Npower	✔	X
Bill Gunshon	Npower	X	✔
John Sykes	Scottish & Southern	X	✔
Adrian Heesom	CTP (Proposer's representative)	✔	X
Sharon Johnson	CTP (Proposer's representative)	X	✔

The Terms of Reference for the Group were:

ASSESSMENT PROCEDURE

The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P183 pursuant to section F2.6 of the Balancing and Settlement Code.

The Modification Group will produce an Assessment Report for consideration at the BSC Panel Meeting on 10 March 2005.

The Modification Group shall consider and/or include in the Assessment Report as appropriate:

- Circumstances where a CoS read generated from an estimate by the old Supplier would be acceptable;
- Circumstances where a SVA Customer own read should be used;
- The basis of any estimated Meter read submitted by the old Supplier;
- Use of SVA Customer data [in context of Section S, paragraph 2.3.3(b) obligations];
- Impact on Settlement Data quality;
- Whether solution developed should be prescribed through the Code, or Code Subsidiary Documents; and
- Consideration of P176 [in so far as directly relevant to the perceived defect].

ANNEX 3 ASSESSMENT CONSULTATION RESPONSES

The responses received during the Assessment Procedure consultation are appended to this document as a separate attachment.

ANNEX 4 TRANSMISSION COMPANY ANALYSIS

Q	Question	Response
1	Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	No impact has been identified from the Proposed Modification on the ability of the Transmission Company to discharge its obligations under the Transmission Licence.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.	We would support the initial views of the Modification Group that the Proposed Modification better facilitates Applicable Objective c). This is supported by the view that the provision of a further category of Change of Supplier (CoS) read will ease the CoS process and aim to bring greater clarity to the transfer of data between old and new Suppliers.
3	Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification	No impacts have been identified from the Proposed Modification on the computer systems or processes of the Transmission Company.
4	Please outline any potential issues relating to the security of supply arising from the Proposed Modification (and, if applicable, any Alternative Modification).	No issues have been identified.
5	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any Alternative Modification).	No costs have been identified that the Transmission Company would incur as a result of the implementation of the Proposed Modification.
6	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	No consequential changes have been identified to Core Industry Documents and or the SOTO Code that would be required as a result of this Proposed Modification.
7	Any other comments on the Proposed Modification (and Alternative Modification if applicable).	No other comments.

ANNEX 5 PARTY AND PARTY AGENT IMPACT ASSESSMENTS

Party and Party Agent impact assessments received during the Assessment Procedure are appended to this document as a separate attachment.

ANNEX 6 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes.

These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of estimated costs of implementing the Proposed/Alternative Modification given in section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.

- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.

- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the modification is expected to require and may not reflect the actual cost attributed to the modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

TOTAL DEMAND LED IMPLEMENTATION COSTS
This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.

ELEXON IMPLEMENTATION RESOURCE COSTS

Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ONGOING SUPPORT AND MAINTENANCE COSTS	
ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems. Note that from 1 January 2005, Service Provider Maintenance costs will be covered by a fixed contractual charge and so any Modification Proposals implemented after this date will not incur an ongoing Service Provider Maintenance cost.

ANNEX 7 APPLICABLE BSC OBJECTIVES

For reference the Applicable BSC Objectives for the transitional period between BETTA go-active and BETTA go-live, as contained in the Transmission Licence, are;

(a) The efficient discharge by the licensee of the obligations imposed upon it by this licence and, during the transition period, shall include the efficient discharge by the licensee of those obligations which it is known (or reasonably anticipated) during the transition period are to be imposed on the licensee by this licence after the expiry of the transition period;

(b) The efficient, economic and co-ordinated operation of the licensee's transmission system and the efficient, economic and co-ordinated operation of the GB transmission system;

(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements;

(e) Without prejudice to the foregoing objectives and subject to paragraph 3A, the undertaking of work by BSCCo (as defined in the BSC) which is:
   (i) necessary for the timely and effective implementation of BETTA; and
   (ii) relevant to the proposed GB wide balancing and settlement code;
   and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives;

3A For the purpose of, and without prejudice to, paragraph 5(a), in order to better achieve the objective referred to in 3(e), any modification to the BSC providing for the undertaking of work by the BSCCo pursuant to paragraph 3(e) must include express provision that:
   (i) such work is proposed by BSCCo and approved by the Authority prior to its commencement; and
   (ii) the costs of such work as may be carried out by BSCCo shall be identified and recorded separately by BSCCo.