

MODIFICATION REPORT for Modification Proposal P176

Clarification of the Requirements for Estimation/Deeming of Meter Readings/Advances in Certain Circumstances to Facilitate Correction of Anomalies in Settlement Consumption

Prepared by: Volume Allocation Standing Modification Group

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This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

Having considered and taken into due account the contents of the P176 draft Modification Report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P176 should be made;**
- **the P176 Implementation Date 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; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

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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>

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P176.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input checked="" type="checkbox"/>
Interconnector <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	H <input type="checkbox"/>	Core Industry Documents
Data Collectors <input checked="" type="checkbox"/>	I <input type="checkbox"/>	Grid Code <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	J <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	K <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	L <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BSC Agents		Master Registration Agreement <input type="checkbox"/>
SAA <input type="checkbox"/>	M <input type="checkbox"/>	Data Transfer Services Aareement <input type="checkbox"/>
FAA <input type="checkbox"/>	N <input type="checkbox"/>	British Grid Svstems Aareement <input type="checkbox"/>
BMRA <input type="checkbox"/>	O <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	P <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CDCA <input type="checkbox"/>	Q <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
TAA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	S <input checked="" type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	T <input type="checkbox"/>	BSCCo
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Internal Workina Procedures <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>	V <input type="checkbox"/>	Other Documents
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>	X <input checked="" type="checkbox"/>	System Operator-Transmission Owner Code <input type="checkbox"/>
MIDP <input type="checkbox"/>		X = Identified in Report for last Procedure N = Newly identified in this Report
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

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

1.1 Modification Proposal

Modification Proposal P176 "Clarification of the Requirements for Estimation/Deeming of Meter readings/Advances in Certain Circumstances to Facilitate Correction of Anomalies in Settlement Consumption" ("P176") was raised on 04 October 2004 by Npower Limited (the Proposer). The perceived defect was initially raised to the Volume Allocation Standing Modification Group (VASMG) as Issue 8. A summary of the Group's discussions was presented to the Balancing & Settlement Code Panel (the Panel) at its meeting of 8 July 2004.

The Balancing and Settlement Code (the Code) details the (limited) specific circumstances in which Meter Advances can be deemed. The list of circumstances given in the Code where the deeming of Meter readings is allowable is inconsistent with those given in PSL120 'Party Service Line for Non Half Hour Data Collectors', BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS' and with current practice (where deeming has been allowed, (or encouraged) in further specific circumstances with the support of pre-NETA circulars). Furthermore, as highlighted by the BSC Auditor, deeming is also being carried out in circumstances not allowable under the Code, Code Subsidiary Documents (CSDs) or circular (although in many cases this "non-compliant" deeming aims to improve the accuracy of Settlement).

P176 seeks to remove detailed procedures for deeming of Meter Advances from Annex S-2 and provide new references in this section of the Code to procedures that will be defined in CSDs providing for the estimation/deeming of Meter readings and/or Meter Advances and the setting of Estimated Annual Consumption (EAC) and/or Annualised Advance (AA) values.

The Proposer believes that P176 better facilitates Applicable BSC Objectives (c), promoting effective competition in the generation and supply of electricity and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity, and (d), efficiency in the implementation and administration of the balancing and settlement arrangements.

1.2 Process Followed

ELEXON presented an Initial Written Assessment (IWA) of P176 (Reference 2) to the Panel at its meeting on 14 October 2004. The Panel agreed with the recommendation that P176 be submitted to a three-month Assessment Procedure to be carried out by the VASMG.

During the Assessment Procedure, the VASMG met four times – on 21 October 2004, 10 November 2004, 8 December 2004 and 18 January 2005. To support its assessment of P176 against the Applicable BSC Objectives, the Group produced and issued a consultation document to interested parties on 23 November 2004 with responses due on 3 December 2004.

The Group met on the 8 December 2004 to discuss the responses to the initial consultation. It was noted that two consultation respondents had raised concerns that there had not been sufficient time to consider the issues detailed in the first consultation document. It was also felt that market participants should have visibility of the proposed changes to the Code and CSDs so that any comments they wished to make could be considered by the Modification Group during the Assessment Procedure. The Group therefore requested that the Assessment Procedure be extended by one month to allow a further consultation to be carried out.

At the Panel meeting on 9 December 2004, the Panel agreed to extend the Assessment Procedure by one month so that a second consultation could be carried out. The second Assessment consultation was issued on 23 December 2004 with responses due on 13 January 2005.

ELEXON presented the P176 Assessment Report P176 (Annex 4) to the Panel at its meeting on 10 February 2005. The Panel made the provisional recommendation that P176 should be made and requested that ELEXON issue the draft Modification Report for industry consultation.

The draft Modification Report was issued for consultation on 14 February 2005 with responses due on 25 February 2005.

ELEXON presented the P176 draft Modification Report to the Panel at its meeting on 10 March 2005. The Panel recommended that P176 should be made and requested that ELEXON issue the final Modification Report and the legal text for P176 to the Authority.

1.3 Proposed Modification

Firstly, P176 seeks to consolidate the detailed deeming information and the calculations for the deeming of Meter Advances which are currently documented in Annex S-2 of the Code.

Secondly, P176 seeks to document within Annex S-2 how the EAC can be recalculated following deeming to ensure that estimates are realistic going forward.

Thirdly, P176 seeks to remove the references to the circumstances where deeming is allowable from the Code and PSL120. It aims to move this detail and add further provisions relating to the circumstances in which deeming is allowable (including the criteria which must be met prior to deeming) to BSCP504.

Furthermore, an umbrella statement will be added to Annex S-2 to link the deeming calculations to the allowable circumstances which are documented in BSCP504.

Finally, P176 will document the Gross Volume Correction (GVC) process, which allows the compensation of crystallised error in Settlement Days which are yet to be subject to RF (a fluid period), within BSCP504. For more details of the GVC refer to Annex 6 of the P176 Assessment Report.

The table below shows a high level summary of the current allowable circumstances for deeming and those that are proposed under P176.

Circumstance	Location of Current Provisions	Allowable Under P176	Optional or Mandatory
Change of Supplier	Annex S-2 of the Code	Yes	Mandatory
Concurrent Change of Supplier and Measurement Class NHH - HH	Annex S-2 of the Code	Yes	Mandatory
Concurrent Change of Supplier and Measurement Class HH - NHH	PSL120	Yes	Mandatory
Reconfiguration or Replacement of Metering System	Final – Annex S-2 of the Code Initial - None	Yes – final and initial	Optional
Deeming at RF to ensure that crystallised data is not changed post RF	Annex S-2 of the Code	Yes	Mandatory

Circumstance	Location of Current Provisions	Allowable Under P176	Optional or Mandatory
Change of Measurement Class NHH – HH	PSL120	Yes	Optional
Change of Measurement Class HH – NHH	None	Yes	Optional
Change of Profile Class	None	Yes	Optional
Rectification of a Meter Fault	PSL120	Yes	Optional
Energisation on a New Connection	None	Yes	Optional
De-energisation	None	Yes	Optional
Re-energisation	None	Yes	Optional
Removal of Meter /Disconnection of Metering Point	PSL120	Yes	Optional
Compensating Crystallised Errors	None	Yes	Optional
Identification of Site as Demolished	None	Yes	Optional
Change of Licensed Distribution System Operator (LDSO)	None	Yes	Mandatory
Change of Agent	None	No	N/a
Archiving of Profile Coefficients	PSL120	Yes	Optional
Long Term Vacant Sites	None	No	N/a

1.4 Issues Raised by the Proposed Modification

The following issues were considered during the Assessment of Proposed Modification P176:

- Deeming methodology and calculations;
- Circumstances for deeming;
- Mandatory or optional deeming;
- Code versus Code Subsidiary Documents;
- System impacts;
- Audit trail requirements;
- Procedural impact on Parties;
- Definition of the term deemed Meter reading;
- Incentives on Suppliers to obtain actual Meter readings;
- Potential interaction with BETTA Implementation.

These issues are discussed in the Assessment Report (Annex 4) and are not covered further here.

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

The Group has identified potential impacts on the achievement of Applicable BSC Objectives (c) and (d). The following subsections summarise the views expressed by the Group against these objectives.

1.5.1 Applicable BSC Objective (c)

Applicable BSC Objective (c) is as follows:

"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 Applicable BSC Objective (c) is better facilitated by reducing the issues associated with inaccurate change of Supplier Meter readings and consumption histories, which have a relatively greater impact on new and more active Suppliers. P176 should also reduce BSC Audit issues, which are likely to be of more significance to new/smaller Suppliers and Generators.

1.5.2 Applicable BSC Objective (d)

Applicable BSC Objective (d) is as follows:

"Promoting efficiency in the implementation and administration of the balancing and settlement arrangements."

The Group considers that Applicable BSC Objective (d) is better facilitated by providing defined mechanisms for the rectification of anomalies, preferably minimising the uncertainties, delays and costs created by the need for Post Final Settlement Runs (DF) or Extra-Settlement Determinations, and thereby facilitating their timely resolution.

The Group also believed that Applicable BSC Objective (d) was better facilitated as it would remove the perceived conflict between the Code and CSDs thus making the process of deeming and the circumstances in which deemed readings can be calculated easier to understand.

1.6 Alternative Modification

Two consultation respondents suggested potential alternatives during the initial Assessment Consultation.

The first suggestion was that Supplier estimates should be used on change of Supplier rather than deemed Meter readings. The Group noted that this issue was being discussed by the Customer Transfer Programme (CTP) and felt that it was out of scope for P176 which was focussed on formalising the processes for deeming Meter readings. Therefore they agreed that this issue should not be progressed as an alternative to P176 but could be addressed via a separate Modification Proposal².

The second suggestion was that the initial read on change of Meter should not be capped at zero. The Group agreed that it was possible for reconditioned Meters to be installed where the initial read would not be zero. Therefore the solution for deeming initial reads on change of Meter was amended to remove the requirement to cap the value at zero. This was done as part of the Proposed Modification and therefore an Alternative Modification was not required.

No other potential alternatives were suggested by the Group therefore no Alternative Modification has been developed.

1.7 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 Subsequent to this, Modification Proposal P183 "Additional Mechanisms for Obtaining a valid Change of Supplier Read" was raised, which proposes to allow Supplier estimates to be used on change of Supplier.

2 COSTS³

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£1500
Legal/expert Cost	£0
Impact Assessment Cost	£0
ELEXON Resource	60 Man days £15,050

IMPLEMENTATION COSTS

		Stand Alone Cost	P176 Incremental Cost	Tolerance
Total Demand Led Implementation Cost		£0	£0	+/- 0%
ELEXON Implementation Resource Cost		66 Man days £14,520	46 Man days £10,120	+/- 10%
Total Implementation Cost		£14,520	£10,120	+/- 10%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P176 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 annum	£0 per annum	+/-0%

³ Clarification of the meanings of the cost terms in this section can be found in annex 5 of this report

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

The Panel noted the Assessment Report, the draft Modification Report and the recommendations made by the Group, and unanimously agreed that Proposed Modification P176 should be made.

The Panel noted the majority support by the respondents to the Assessment Consultation for the Proposed Modification. The respondent who had not supported the Modification was of the view that a Supplier-based estimate agreed by two Suppliers was likely to be more accurate than an EAC derived deemed Meter reading for change of Supplier.

The Panel Chairman queried the reason for the change of view of some respondents between the first and second Assessment Consultation. It was noted that the issues and the proposed changes were clearer in the second consultation. This was due to the inclusion of a plain English version of the legal text including proposed changes to the CSDs, which helped Parties to fully understand the impact of the changes proposed through P176.

One Panel Member noted a point that Suppliers should be incentivised to obtain actual Meter readings. He stated that there appeared to be no such commercial incentives included in the report. ELEXON explained that NHHDCs would be required to retain information when Meter readings had been deemed and the Auditor would be able to check that the criteria detailed within BSCP504 had been met prior to deeming. Any non-compliance would be registered and monitored.

This Panel Member also queried the interaction with Modification Proposal P183. ELEXON confirmed that P176 and P183 could both be implemented as stand-alone changes.

The Panel Chairman commented that the proposed changes were attempting to tidy up the present arrangements rather than introducing a fundamental change to how things were done. He noted that the changes were reported by some respondents as being more complicated for Parties than for the central systems.

The Panel unanimously agreed that the recommended Implementation Date for Proposed Modification P176 should be:

- 3 November 2005, should the Authority determination be received on or before 1 June 2005; or
- 2 March 2006, if an Authority decision is received after this date, but on or before 1 September 2005.

The Panel noted that minor clarifications had been made to the legal text as a result of a response to the P176 Report Phase consultation and unanimously agreed that it correctly addresses the issue identified in the Modification Proposal.

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.

4.1 BSCCo

BSCCo will be required to implement the changes to the Code and CSDs that have been proposed. No ongoing operational effort will be required as a result of P176.

4.2 BSC Systems

An assessment has been undertaken in respect of all BSC Systems and no areas have been identified as potentially being impacted by the Modification Proposal.

4.3 Parties and Party Agents

There were four responses to the second participant impact assessment.

One respondent felt that it would need six months to implement P176. As the longest lead time, this was initially used to set the implementation timescales which resulted in the first available Implementation Date being 2 March 2006. The Group requested that ELEXON investigate whether the respondent could implement the changes proposed by P176 any sooner than stated in its response. The respondent subsequently confirmed that it would only require three months to implement P176. The proposed Implementation Date has therefore been amended to reflect this reduced implementation timescale.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

P176 seeks to consolidate the detailed deeming information and the calculations for the deeming of Meter Advances which are currently documented in Annex S-2 of the Code. Secondly P176 will document within Annex S-2 how the EAC can be recalculated following deeming to ensure that estimates are realistic going forward. Thirdly P176 seeks to remove the references to the circumstances where deeming is allowable from the Code. Furthermore an umbrella statement will be added to Annex S-2 to link the deeming calculations to the allowable circumstances which will be documented in BSCP504.

Legal text is contained in Annex 1 of this document.

5.2 Code Subsidiary Documents

P176 aims to move the circumstances where deeming is allowable from the Code and add further provisions relating to the criteria which need to be met before deeming is allowable to BSCP504.

P176 also aims to remove detailed deeming information from PSL120 and replace it with an umbrella statement referencing BSCP504.

Plain English text explaining the changes required to both BSCP504 and PSL120 are contained in Annex 2 of this document.

This text has been consulted on during the Assessment Procedure and the Report Phase and will be incorporated into the CSDs if P176 is approved. However it should be noted that this may be subject to change during implementation to accommodate unrelated changes to the relevant CSDs.

Consequential changes will be required to BSCP514 'SVA Meter Operations for Metering Systems Registered in SMRS'. These will mirror the requirements that will be added into BSCP504 that affect the Meter Operator Agents.

5.3 BSCCo Memorandum and Articles of Association

Neither the BSCCo Memorandum nor its Articles of Association would be impacted by P176.

5.4 Impact on Core Industry Documents and Supporting Arrangements

The Core Industry Documents and supporting arrangements will not be impacted by P176.

6 SUMMARY OF CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P176 and the provisional recommendation to the Authority contained in the draft Modification Report that P176 should be made?	9 (52 + 2)	0	0
Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	9 (52 + 2)	0	0
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P176?	9 (52 + 2)	0	0

6.1 Panel's Provisional Recommendation

The respondents to the consultation unanimously agreed with the Panel's provisional recommendation that P176 should be made.

Arguments in support of the Proposed Modification

A number of respondents to the consultation believe that the Proposed Modification better facilitates the Applicable BSC Objectives for the reasons set down in the draft Modification Report. The following specific points were made.

BSC Objective (c) will be better facilitated since P176:

- Will improve the quality of historical consumption data; and
- Will reduce the issue with inaccurate change of Supplier readings.

BSC Objective (d) will be better facilitated since P176:

- Will enable Suppliers and their Agents to better manage problems with Meter readings and provide data to Settlement;
- Will remove the procedures for deemed Meter readings from the Code and document them within the CSDs;
- Will remove the perceived inconsistencies between the Code and the CSDs;
- Will ensure standardisation of industry practise and will improve data quality within Settlement;
- Will clearly define the terminology, circumstances, criteria and calculation methodologies for the deeming of Meter readings;
- Will facilitate the rectification of anomalies; and
- Will reduce the requirement (and associated costs) for Post Final Settlement Runs and Extra-Settlement Determinations.

6.2 Draft Legal Text

The respondents to the Report Phase consultation unanimously agreed that the legal drafting for P176 addresses the issue identified in the Modification Proposal. Some specific points were made.

One respondent felt that the removal of the sections relating to deemed Meter readings in Annex S-2 and their replacement with more high-level provisions will simplify the reading of the Code. The respondent also felt that placing detailed provisions within BSCP504 would improve the clarity of the process.

One respondent qualified its view and submitted some suggested amendments to the draft legal text. The suggested changes relate to sections S4.3.15 and S4.3.17. The changes can be classified as clarifications to the text and the resulting text is still consistent with the principles agreed by the Group.

This respondent also noted that during the implementation phase there will be chance to comment on changes to the drafting of the CSDs. It therefore believed that minor refinements to the CSD changes could be made during implementation.

6.3 Recommended Implementation Date

The respondents to the Report Phase consultation unanimously supported the Panel's provisional recommendation regarding the proposed Implementation Dates for P176. Several specific points were made.

Two respondents believed that P176 should be implemented as soon as possible to increase the industry's ability to deem Meter readings and facilitate the resolution of existing BSC Audit issues. However, one respondent noted that the severity of the current problem does not warrant the additional cost and inconvenience of implementing P176 outside of the normal release schedule.

One respondent noted that a number of Change Proposals (CPs), such as CP1081 "EAC/AA changes to allow manual initiation of a Deemed Meter Advance calculation" are key in ensuring maximum benefit from P176. Furthermore they requested that ELEXON note this and ensure such CPs are implemented either prior to or at the same time as P176.

It should be noted that CP1081 is provisionally scheduled for implementation in the February 2006 release (subject to SVG approval). The Group discussed the interaction between CP1081 and P176 during the Assessment Procedure and concluded that implementation of P176 was not dependent on CP1081. Therefore it was agreed that P176 could be implemented prior to the implementation of CP1081.

It was also noted that P176 would be implemented on a Calendar Day basis to facilitate the calculation of deemed Meter readings for Settlement Days prior to the Implementation Date.

6.4 Further Comments

One respondent stated that its support of P176 was given on the basis that ELEXON will continue to monitor the use of deemed Meter readings through the Performance Assurance Framework. This is to ensure that Meter readings are only deemed when there is no alternative.

One respondent stated its disappointment at vacant premises being removed as a circumstance where deeming is allowable, but noted that it expects this issue to be discussed and appropriately addressed by a Standing Issues Group such as the VASMG.

One respondent stated that it believed that a requirement to allow Meter readings to be requested from the new Supplier, as well as the old NHHDC on a change of Supplier, was agreed at the Modification Group meetings and therefore should be drafted into the CSDs.

The Group were consulted on this issue and two representations were made. Both respondents felt that the above requirement should not be added to the P176 solution at this time and the following specific points were made:

- *P176 puts in place a framework to allow for the deeming of Meter readings and the detail of the requirements can be enhanced further down the line. P176 should not be delayed to address these detailed issues.*
- *Due to the lack of clarity surrounding this issue, it would be advisable if it were addressed via the CP route as there will be time to fully investigate the issue sufficiently.*

The respondents further stated that if a CP was raised to address this issue, then it would be advantageous to implement any CP (if agreed) and P176 concurrently.

Therefore no change will be made to the drafting of BSCP504 at this stage and a CP will be raised on this issue.

One respondent made the following additional points regarding P176:

- The Group's Terms of Reference included consideration of the impact on incentives on Suppliers to obtain actual Meter readings. The respondent noted that there appear to be no additional commercial incentives for the procurement of actual Meter readings in the Proposed Modification.

The Group discussed incentives at length (see P176 Assessment Report Section 1.4.9) and although there are no financial incentives, criteria which must be met prior to deeming a Meter reading has been drafted as part of the deeming process. NHHDCs will be required to retain information, for Audit purposes, to demonstrate that the criteria were met. In the event of non-compliance, Error and Failure resolution may be invoked by the Performance Assurance Board.

- The Terms of Reference refer to the potential system impacts of this modification, particularly with reference to the EAC/AA calculator; and the procedural impact on Parties. It is not clear where these are considered, and in particular the associated Party and agent costs. Only ELEXON costs are described in the report.

The Group discussed whether changes to the EAC/AA calculator functionality should be proposed as part of P176 (see P176 Assessment Report Section 1.4.5). The Group noted that P176 is designed to define the processes for deeming and the circumstances in which deeming is allowable. It was agreed that the functionality of the EAC/AA calculator is subsidiary to this as changes to the calculator can be proposed via the CP route. It was therefore agreed that no system changes should be pursued as part of P176.

- The respondent had reservations about consolidating the rules within a BSCP rather than the BSC itself. The respondent suggests that although a BSCP provides more flexibility, in practice this flexibility can occur with a much lower level of industry participation and visibility than BSC modifications. The respondent further stated that it would not expect the relevant BSCP rules to be changed frequently, and would expect to see future proposed changes given appropriate prominence in the CP impact assessment process and when subject to Panel/SVG consideration.

This was discussed at length by the Group (P176 Assessment Report Section 1.4.4). A number of respondents to the initial consultation did not agree with the Group regarding the location of the rules for deeming. In response to the concerns raised, the Group agreed that it would be useful to issue a further consultation. This would include both the draft legal text showing the proposed changes to the Code, and also plain English text detailing the proposed changes to BSCP504 and PSL120. The Group acknowledged that P176 was proposing to remove significant detail from the Code and they therefore wanted to ensure that the proposed changes to the CSDs were visible during the Assessment

Procedure. Having seen the proposed changes to the Code and CSDs, the respondents to the second consultation document unanimously agreed with the Group's conclusions regarding the location of the deeming rules.

6.5 Comments and Views of the Panel

The Panel noted the unanimous support by the consultation respondents for the provisional recommendation and confirmed that they still unanimously agreed that Proposed Modification P176 should be made.

The Panel also noted the unanimous support by the consultation respondents for the legal text and the proposed Implementation Dates.

The Panel noted that minor clarifications had been made to the legal text as a result of a response to the P176 Report Phase consultation and unanimously agreed that it correctly addresses the issue identified in the Modification Proposal.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

A copy of the Transmission Company Analysis is attached as Annex 7 of the Assessment Report. The following sections provide a summary of the analysis and the Group's views on that analysis.

The Transmission Company stated that they supported the views expressed by Modification Group members and respondents to the consultation that P176 better facilitates achievement of Applicable BSC Objective c) by effectively addressing many of the issues associated with data quality and change of Supplier readings, and also Applicable BSC Objective d) in providing additional clarification to the processes feeding into the calculation of consumption values and in its aim at minimising uncertainties and delays in this process.

The Transmission Company also confirmed that P176 would not have any impact on their ability to discharge their obligations under the Transmission Licence. No impact was identified on the computer systems or processes operated by the Transmission Company and they would not incur any direct costs as a result of the implementation of the P176.

Finally the Transmission Company noted that there were no issues relating to Security of Supply or the Core Industry Documents / System Operator Transmission Owner Code.

7.2 Comments and Views of the Panel

The Panel noted the Transmission Company analysis.

8 IMPLEMENTATION APPROACH

In order to minimise implementation costs, the Group agreed that P176 should be implemented as part of a scheduled release. At the Group meeting on 18 January 2005 the Group discussed the impact assessments provided by BSCCo, Parties and Party Agents and it was noted that one Party's impact assessment response gave a six month lead time. As the longest lead time, this was used to derive a suggested Implementation Date of March 2006.

Group members were concerned that this was a long lead time and therefore ELEXON took an action to contact the respondent and check that it actually required six months. The Group further noted that a November 2005 implementation was preferred if possible. Subsequently ELEXON has contacted the

Party in question who have now confirmed that they do not need six months to implement the changes.

Therefore the Implementation Dates suggested for P176 are 3 November 2005 if a decision is received on or before 1 June 2005, and 2 March 2006 if a decision is received after 1 June 2005 but on or before 1 September 2005.

The Group further stated that P176 should be implemented on a Calendar Day basis. Therefore deeming will be allowable, in the circumstances described in BSCP504, on or after the Implementation Date. For the avoidance of doubt, it will then be possible for Parties to calculate deemed Meter readings for Settlement Days prior to the Implementation Date.

The Group noted that the Business Requirement Solution will be developed at the implementation stage. This will be based on the suggested changes to BSCP504 and PSL120, agreed by the Group and attached as Annex 2.

As noted when P176 was initially raised, Parties are currently deeming in circumstances not supported by the Code. It is envisaged that this practise will continue to be flagged as an Audit issue until the P176 Implementation Date.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	11/03/2005	Ben Jones	Change Delivery	BSCCo technical/QA review
0.2	14/02/2005	Ben Jones	Industry	Consultation
0.3	01/03/2005	Ben Jones	Change Delivery	BSCCo technical/QA review
0.4	04/03/2005	Ben Jones	Panel	Panel decision
0.5	14/03/2005	Ben Jones	Authority	Authority decision

9.2 References

Ref	Document	Owner	Issue date	Version	
1	Modification Proposal P176	-	4/10/04	-	http://www.elexon.co.uk/documents/modifications/176/P176.pdf
2	Modification Proposal P176 IWA	BSCCo	8/10/04	1.0	http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2004_-_084_-_Papers/84_011a.pdf
3	P176 First Assessment Consultation	VASMG	23/11/04	1.0	http://www.elexon.co.uk/documents/Consultations/P176_Assessment_Consultation/P176_consultation_document.pdf
4	P176 Second Assessment Consultation	VASMG	23/12/04	1.0	http://www.elexon.co.uk/documents/Consultations/P176_Second_Assessment_Consultation/P176_2nd_Consultation_1.0.pdf
5	P176 Assessment Report	VASMG	4/02/05	1.0	http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_089_-_Papers/89_006a.pdf

ANNEX 1 LEGAL TEXT

Attachment 1 contains the legal text for Proposed Modification P176.

ANNEX 2 CHANGES TO BSCP504 AND PSL120

Attachment 2 contains the proposed changes to BSCP504 and PSL120 for Proposed Modification P176.

ANNEX 3 MODIFICATION GROUP DETAILS

The Group met four times to discuss P176: on 21 October 2004, 10 November 2004, 8 December 2004 and 18 January 2005. The following table identifies the Modification Group members and the other attendees for these meetings.

Member	Organisation	21/10/04	10/11/04	08/12/04	18/1/05
Sarah Parsons	ELEXON (Chairman)	✓	✓	✓	✓
Ben Jones	ELEXON (Lead Analyst)	✓	✓	✓	✓
Richard Harrison	(Proposer)	✓	✓	✓	✓
Claire Walsh	Centrica	✓	✓	✓	✓
Afroze Miah	Powergen	✗	✓	✓	✗
Robert Brown	Cornwall Consulting Limited	✓	✓	✗	✗
Katherine Bergin	SSE	✓	✗	✗	✗
Tim Roberts	Scottish Power	✗	✗	✓	✓
Attendee	Organisation				
Ian Antony	Ofgem	✗	✓	✓	✓
Easton Brown	Customer Transfer Programme	✓	✗	✓	✓
Jason Brogden	Customer Transfer Programme	✗	✓	✗	✗
Sandy Crump	Powergen	✓	✗	✗	✓
Richard Hartley	NPower	✓	✓	✗	✓
Katie Ann-Key	ELEXON	✗	✓	✓	✓
Sandra Wybrow	ELEXON (Lawyer)	✓	✗	✗	✗
Lisa Deverick	ELEXON (Lawyer)	✗	✗	✓	✓
Jon Spence	ELEXON	✓	✓	✓	✓

The Group's specific P176 Terms of Reference were as follows:

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

- What the circumstances for deeming should be, how they should be drafted and where they should be contained. For example within the Code or within a CSD;

- What the processes for deeming should be, how they should be drafted and where they should be contained. For example within the Code or within a CSD;
- The potential system impacts of this modification, particularly with reference to the EAC/AA Calculator;
- The Audit trail requirements where deemed reads are created;
- The procedural impact on Parties;
- The requirement for a Code definition of the term deemed Meter reading;
- The impact on incentives on Suppliers to obtain actual Meter readings when AAs can be deemed;
- The potential interaction with BETTA Implementation.

ANNEX 4 ASSESSMENT REPORT

The Assessment Report for P176 is attached.

ANNEX 5 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 6 CONSULTATION REPONSES

Attachment 3 contains the consultation responses to the P176 draft Modification Report.