

Modification Proposal

MP No: 153
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Additional Requirements to Support Competition in New and 'Out-of-Area' Distribution Networks

Submission Date (mandatory by proposer): 1 December 2003

Description of Proposed Modification (mandatory by proposer):

The proposed Modification is to introduce new requirements (probably including a new BSCP) to define a robust process for migration of SVA Metering Systems between LDSOs. These need to define the processes required for the coordination of the "logical disconnection" of a Metering System in one SMRS and "logical connection" of a new one in another SMRS, the transfer of the Metering System data between Suppliers and their Agents, and the associated responsibilities. It is suggested that a role of "Transfer Coordinator" is required (as for previous ERS-PRS and SVA-CVA migrations) and that this could most appropriately be fulfilled by BSCCo.

If this should prove too difficult or complex to introduce in time to enable Suppliers to migrate Metering Systems already registered under interim "fostering" arrangements to a P62-compliant set-up by the target P62 compliance date, it is for consideration whether a possible Alternative Modification involving a modified version of the interim "Option 1a" fostering arrangement might provide a better enduring solution which would better achieve the Applicable BSC Objectives.

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

The Utilities Act 2000 provides for new distributors to enter the market and for existing distributors to operate out of their distribution services area. In so doing, it facilitates the transfer of the obligation to provide Supplier Meter Registration Services (SMRA) from former "Host PESs" to Licensed Distribution System Operators (LDSOs), with the further aim of facilitating competition in the provision of connections and in supply for customers on these networks. There were lengthy industry discussions about the method for implementing this change, involving consideration of various alternatives. The solution eventually adopted and implemented via Modification P62 involved breaking the previously implicit link between the MPAN (Supply Number) and GSP Group.

Prior to the implementation of Modification P62 there were already a number of Metering Systems on networks not owned by the former Host PES distributor, but which were registered in its SMRS under an interim "fostering" arrangement known as "Option 1a". The implementation of Modification P62 requires these Metering Systems to be migrated to P62 compliant registration arrangements. There is also a need to support transfers of ownership of new distribution networks (or larger networks or parts of these) between LDSOs. However, these requirements were considered to be out of scope for the Distribution Business Focus Group and Modification Proposal P62.

The solution adopted for Modification P62 gives rise to various issues for Suppliers and Settlement, including a number related to the fact that it does not provide a robust process for change of distribution network ownership or transfer from interim registration arrangements:

- a) It requires the creation of new SVA Metering Systems (MPANs) in the new SMRS and termination of the old ones in the old SMRS (referred to as a "Virtual Disconnection and Reconnection process"), which could give rise to confusion for customers, possible erroneous registrations and the potential risk of the meters not being taken into Settlement or double counted;
- b) The existing processes for Disconnection and Reconnection rely on physical initiating events, which will

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not occur in this instance;

- c) The responsibilities for the transfer process (as between SMRSs) are unclear;
- d) It does not provide the necessary data flows to support an associated Change of Supplier and/or Change of Agent(s), which might well need to be supported if there was a Change of Tenancy;
- e) It does not deal adequately with Import/Export sites and Related MPANs.

This lack of a properly defined process could result in different (and independent) market participants using different and possibly incompatible processes, with the risk that they would not work and/or the consequences referred to under item a) above.

[Even if no wording changes are required to the Code itself, our interpretation of section F, paragraph 3.1.2, is that it requires a Modification Proposal to be raised for the proposed change(s).]

Impact on Code *(optional by proposer):*

Impact on Core Industry Documents *(optional by proposer):*

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

Impact on other Configurable Items *(optional by proposer):*

Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by proposer):*

This Modification would facilitate better achievement of the following 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 – by reducing the risks and associated costs of supplying customers on the affected networks (and potentially embedded generation on these networks).

d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements – by ensuring that responsibilities for transfer related processes are clear, and reducing the risks and costs of problem resolution/administration and the risks to Settlement.

The more robust process will clearly also benefit customers.

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If Yes, Title and No. of Pages of Each Attachment: