An abstract graphic in the background of the slide, composed of numerous horizontal bars of varying lengths and shades of blue and white, creating a sense of depth and movement.

Technical Assurance Checks Outcome Report

The Management of Supplier Agent Appointments & Notifications

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- April 2010

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Background

Technical Assurance of Performance Assurance Parties (TAPAP) is a Performance Assurance Framework technique designed to help ELEXON measure the level of risk to the market in particular areas. The scope of this technique is set on an annual basis, agreed by the PAB. The scope is based upon the net significance of risks outlined in the [Risk Evaluation Register](#).

During November 2009 through to February 2010, ELEXON visited 3 [HH](#) and 5 [NHH](#) Suppliers to perform Technical Assurance Checks on the management of Supplier Agent notifications made by Suppliers. In total this was 9 [MPIDs](#). Suppliers were selected for this check based upon their performance for the PARMS serials SP05 (retrospective appointment of agents) and SP06 (Sending the notification of change to parties data flow(D0148)).

These checks were designed to look at what is happening in the industry in terms of the processes supporting notifications going to Supplier Agents, from Suppliers. In particular this focussed on the Change of Supplier and Change of Agent processes, because this is where the majority of activity is in the market at present (compared to other processes in the BSC e.g. Change of Licensed Distribution System Operator and Coincident Change of Supplier and Measurement Class from a Non-Half Hourly to a Half Hourly SVA Metering System).

We reviewed the processes against the [BSC](#). The BSC is specific in its obligations for this area, and we wanted these checks to provide assurance they are working or to highlight areas of weakness so that improvements might be made.

[Non compliances](#) were applied where there was clear evidence of non compliance with the BSC and Code Subsidiary Documents.

[Observations](#) were applied where evidence showed that processes / systems are not being operated as best practice.

All of the Suppliers selected for this check worked collaboratively with ELEXON and prepared themselves well, providing the required documentation and information prior to the Check. The checks went smoothly because the right members of staff were made available to ELEXON throughout the visit. Many thanks to all involved.

[HH](#)

[Half Hourly](#)

[NHH](#)

[Non Half Hourly](#)

[MPIDs](#)

[Market Participant Identifiers](#)

[CSDs](#)

[Code Subsidiary Documents](#)

[BSC](#)

[Balancing and Settlement Code](#)

[Non compliances \(NCs\)](#)

[Observations \(Obs\)](#)

Primary Findings

The **primary findings** of the Technical Assurance checks on the management of Supplier Agent notifications are;

- All HH and NHH Suppliers have automated systems to process data through the **registration process**.
 - All have a number of reports to help them manage exceptions (different depths of reporting depending on company).
- The level of exceptions falling out of this registration process is minimal in the HH market, and negligible in the NHH market (particularly compared to the number of transactions taking place).
- **PARMS** serials relating to the retrospective appointment of agents is over reporting the actual numbers of occurrences. More detail is included in the **Areas of Common Industry Concern** section.
- The BSC obligations (such as timescales for providing data on a change of Supplier / Supplier Agent) and Supplier escalation procedures do not support the speed in which the industry processes can actually take place (e.g. A customer changes NHH Supplier, and then a week later, quickly changes NHH Supplier again. This leaves problems for Suppliers and MOAs in getting **MTDs**. Details are on slide 9).
- Very few retrospective agent appointments were observed whilst on site, though where they were witnessed, they were the result of:
 - HH **MOA** contract problems with the customer, or
 - Point of Sale issues (trying to appoint on disconnected MSIDs).
- Many of the exceptions were the result of MSID address details sent by the Supplier to the Supplier Agent not corresponding to the data held by the **SMRS**.
- Anecdotal evidence suggests that the **LDSOs** can often be slow to update address details in SMRS when they are requested to do so (by Supplier) and sometimes will not.
- HH Suppliers expressed concerns that they felt they were unable to apply pressure on the HH MOA to provide the required information Supplier (e.g. Supplier Agent appointment acceptances and MTDs) because the MOA has the contract with the customer, and not the Supplier. They cited this as one of the reasons for failure to adhere to the BSC (rejection and exception management).

Registration process

A process used by Suppliers after the customer has asked them to provide them with an electricity Supply, to register the customer to them and the associated metering system details.

MTDs

Meter Technical Details

LDSO

Licensed Distribution System Operator

SMRS

Supplier Meter Registration Service

PARMS

Performance and Reporting Monitoring System

Recommendations



We **recommend**;

- That the Net Significance of the Settlement Risks associated to Retrospective appointment of agents are re-assessed. This may impact upon:
 - The use and level of importance put upon the associated PARMS Serial as a measure, and
 - The proposed PARMS Serial that will monitor the ability of Suppliers to submit notification of appointment to agents prior to the EFD of the appointment following either a Change of Supplier, or a Change of Agent (outcome from the PARMS Serial Review).
- That these findings are fed into the [MRASCo](#), with the recommendation that industry investigates the validation and an acceptance / rejection process of the [D0148](#). The obligations for the content of this dataflow are held within the Data Transfer Catalogue, maintained by the MRASCo.
- That industry looks at the types of reasons for Supplier Agent appointment rejections where the 'other' reason code is used and identify any additional codes that can be included to improve the effectiveness of the process. We will feed this into the MRASCo.
- That we feed these findings into the relevant industry organisations (e.g. AMO, Energy Suppliers Forum) so that they can consider how to manage Supplier and HHMOA commercial relationships. The BSC requirements' are set out in Law and therefore should be adhered to. In order to enhance data quality and also process effectiveness, the Supplier should be able to apply pressure to a HHMOA, especially where there are data exceptions to resolve.
- That the [SVG](#) considers how to minimise major data quality issues that have arisen because of the bulk migration of data over the years and the lack of consistency in the migration approach.
 - Some Suppliers have suggested that centrally held MTDs may help this issue, especially with the developments in the smart metering arena and the potential data issues that could arise from a large scale installation of Metering Systems.
 - This sort of information is critical to being able to complete registration and obtain readings from the Meter (if we want to reap the benefits of installing smart Meters, we should look at how best to manage the resulting data and learning from our previous experience as an industry).

[MRASCo](#)

[Master Registration Agreement Service Company](#)

[D0148](#)

[Notification of Change to Parties](#)

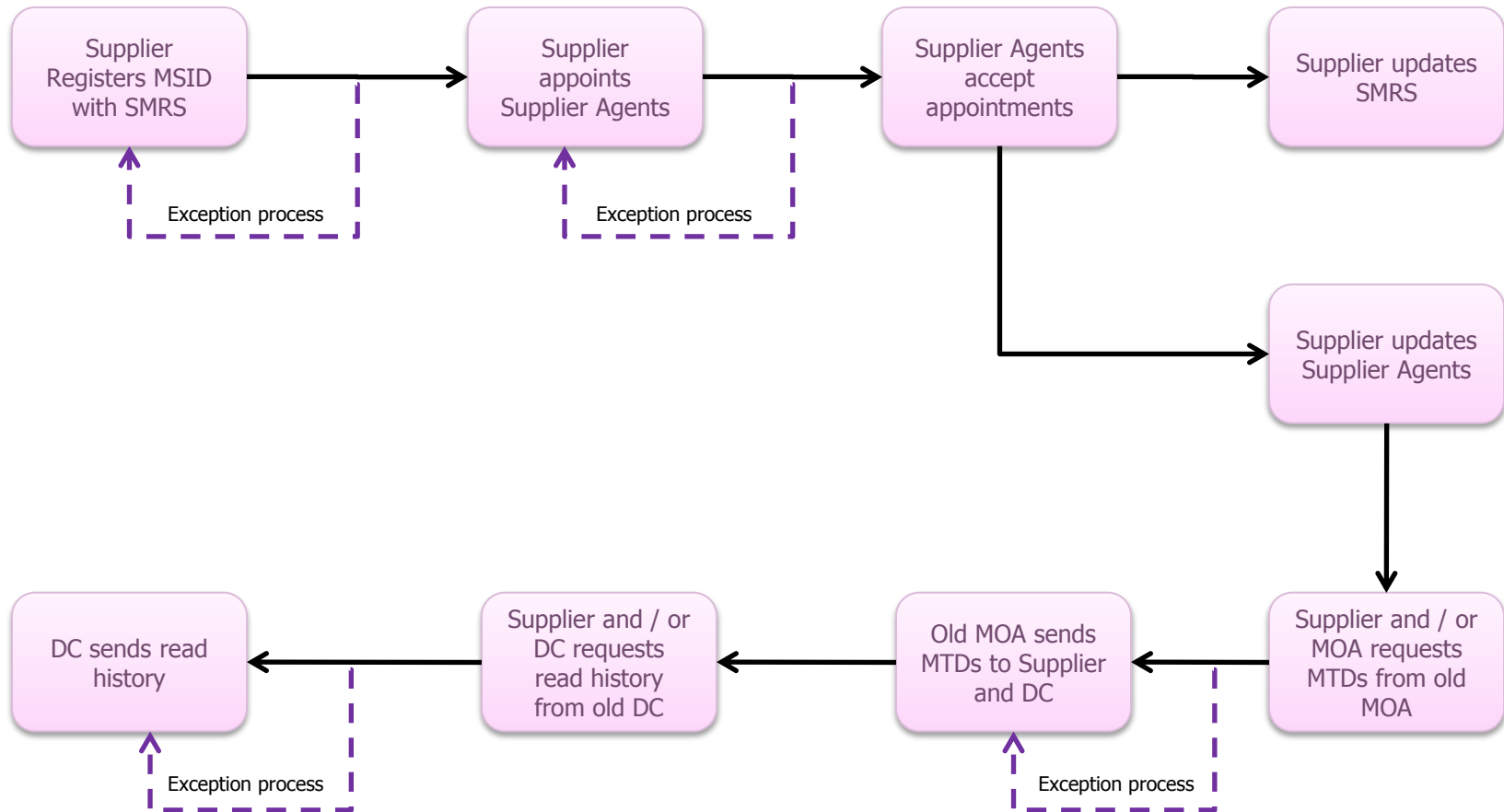
[AMO](#)

[Association of Meter Operators](#)

[SVG](#)

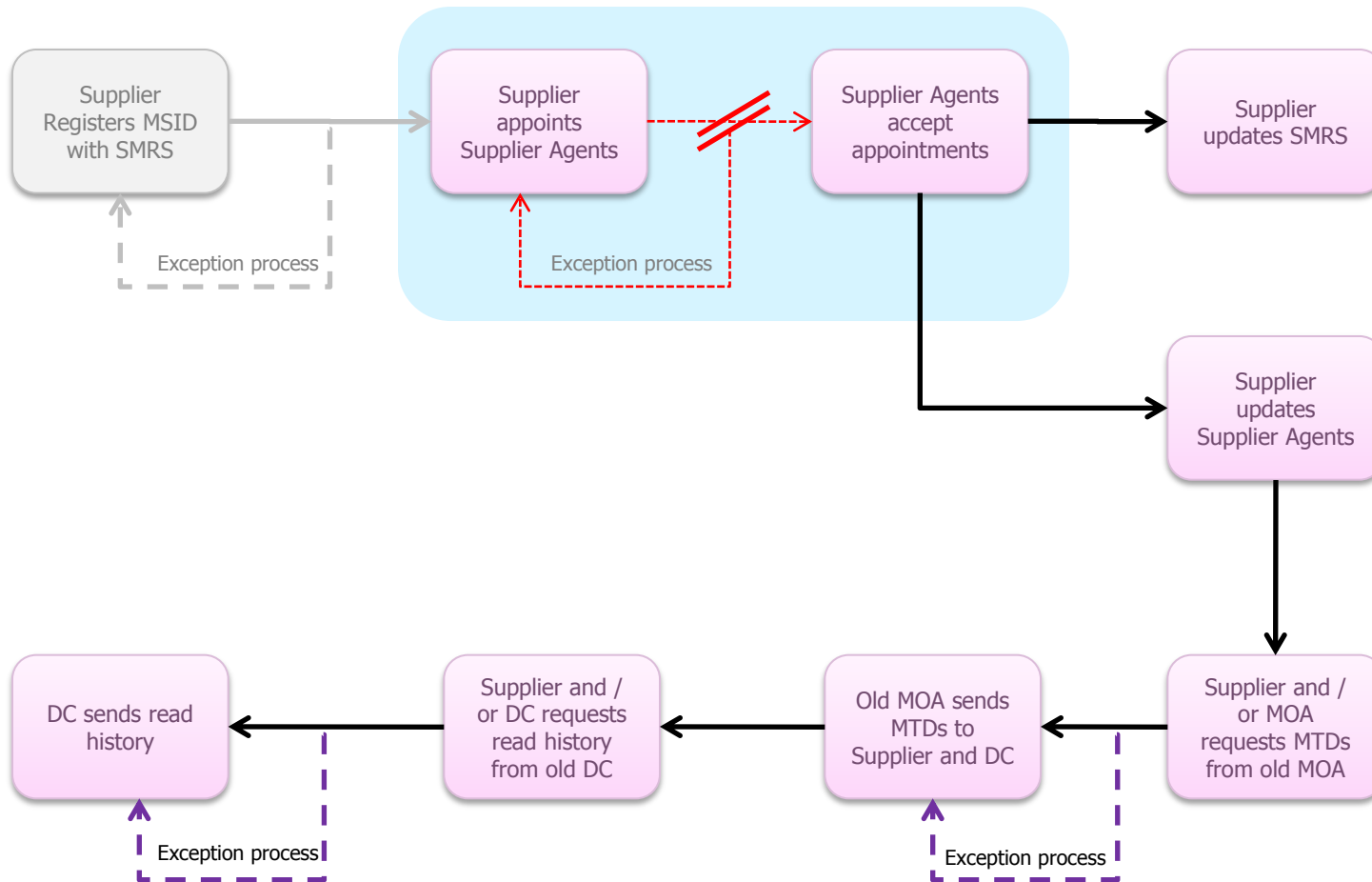
[Supplier Volume Allocation Group](#)

The Registration Process



Where are the weaknesses?

Management of Supplier Agent Appointment Rejections



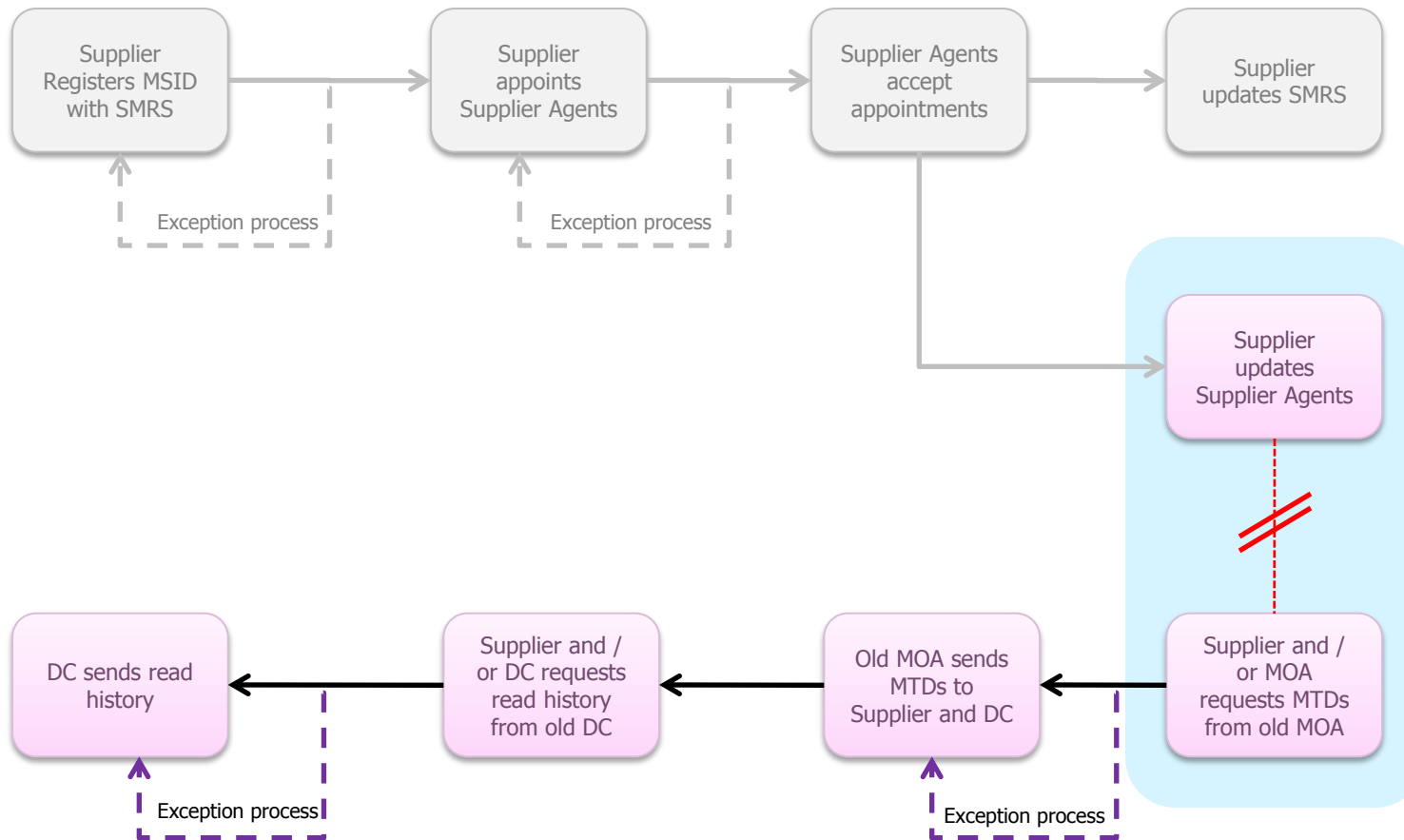
Whilst there is a prescribed feedback loop for Supplier Agents to reject Supplier Appointments, often the rejection reason is vague. This creates delays and can impact Settlement.

The majority of rejection reasons relate to incorrect MSID Address details. This can be the result of a conflict between SMRS detail, Post Office and Supplier detail.

Suppliers have expressed concerns about delays in the LDSO / SMRS updating address details once this has been requested.

Where are the weaknesses?

Management of the data quality about Supplier Agents in the Supplier Hub



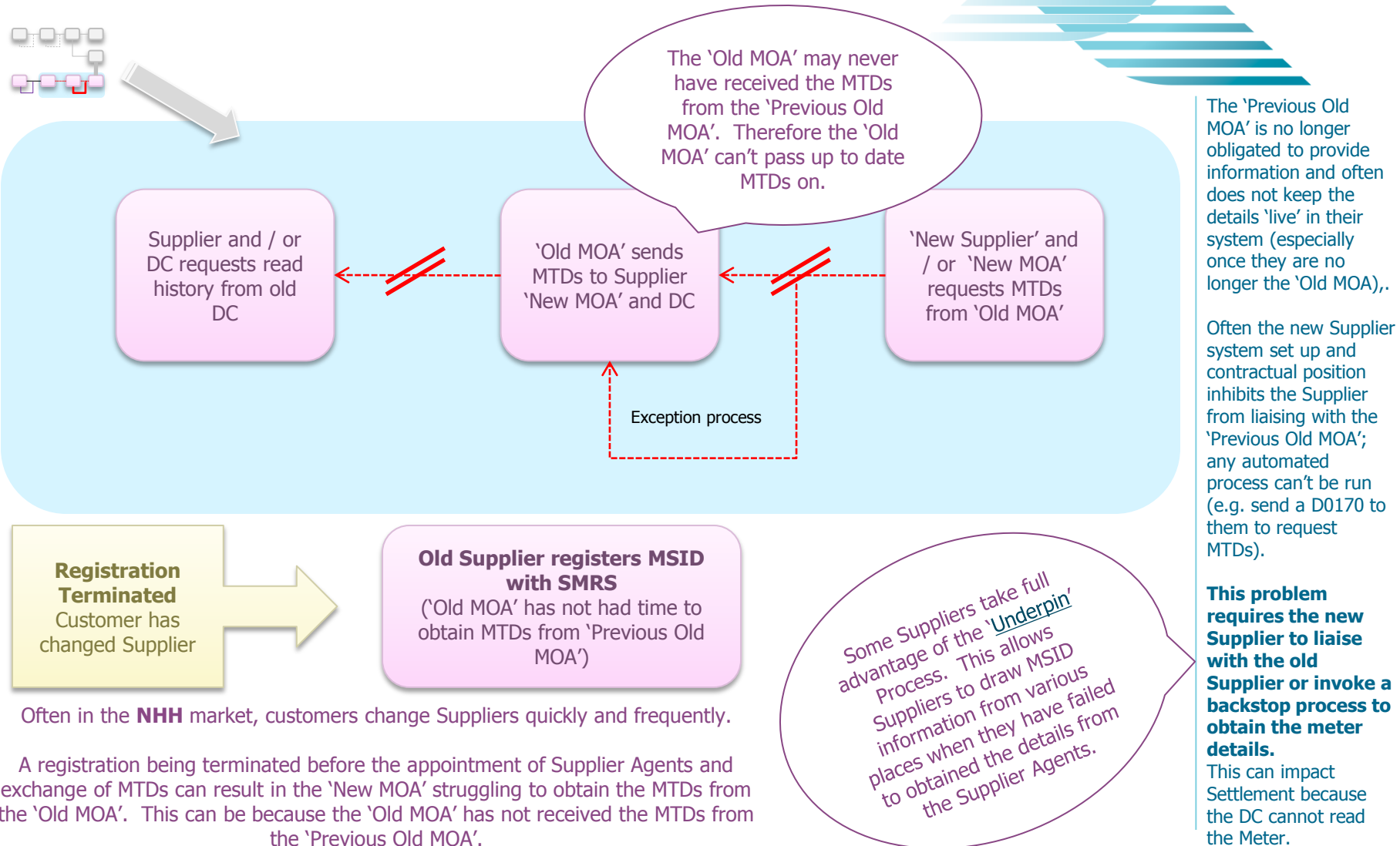
There is **no prescribed feedback loop** to communicate when a Supplier Agent is unable or unwilling to process the D0148 data flow by the Supplier Agents (can relate to batch processing problems and also data accuracy (e.g. Supplier Agent IDs and effective from dates)).

These problems can create a break in the process because there is no feedback - Suppliers and DCs do not receive MTDs and cannot complete the registration process and 'read' the meter.

It could potentially impact Settlement.

Where are the weaknesses?

Exchange of Meter details on a Change of Supplier concurrent with a Change of MOA



Areas of Common Industry Concern

This section details some of the common findings, that can affect groups of industry (e.g. HH MOAs or all Suppliers):

- **Address Issues** – LDSO vs Post Office vs Supplier address details. A lack of consistent approach leads to rejections and delays in the processes and completion of the registration process. Discussions with Suppliers suggested that they feel that this isn't a 'true' exception, though can often be the biggest chunk of their exception levels. The impact can create a break in the process and disable the MOA from providing MTDs or the DC obtaining meter readings.
- **Contract References in the Supplier Agent Appointment Flows** – Supplier Agents can reject appointments on the basis that the Supplier is attempting to use the incorrect Contract (or Service) Reference in the appointment flow. Some careful validation prior to sending out the Agent appointments can mitigate this problem.
- **Concise Appointment Rejection Reasons** – Suppliers can receive Appointment Rejection flows that contain the reason code 'other'. After investigation, often the reason could have been more accurately coded e.g. missing address line could have been classed as 'Address appears to be incorrect for MSID'. Having a rejection reason 'other' is very unhelpful if not accompanied by additional information. We recommend that the use of the appointment rejection code be reviewed and any required guidance should be developed. We will feed this detail into the MRASCo.

Areas of Common Industry Concern

- **Retrospective Appointments** – In most cases, this is unavoidable (a customer adds a MSID post contract award, there is a change of read frequency or a customer does not have a valid contract with MOA at the time of appointment). Whilst the current PARMS serials do not adequately reflect this detail, a serial review has taken place and there is a proposed, additional, serial for this area:
 - New Serial 1: The risk that Suppliers do not appoint agents in a timely manner which may result in an agent rejecting Meter Technical Details, Meter readings being misinterpreted or not collected or default data entering Settlement.
 - The purpose of this proposed serial is that 100% of Supplier Agents should be appointed prior to the agent start date. The PARMS serial will be used to monitor the ability of Suppliers to submit notification of appointment to agents prior to the EFD of the appointment following either a Change of Supplier, or a Change of Agent. The serial will focus on the Effective From Dates (EFD) in the appointment, rather than looking at the date the appointment has been received. The serial will monitor the number of retrospective appointments by Settlement Run.
 - The proposed changes for this serial, if approved will be implemented post February 2011.

[PARMS Serial Review
2009 Report](#)