

**Phase**

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

## P343 'Increase to the number of Supplier IDs that can be held by a Supplier'

Suppliers currently may hold no more than three Supplier IDs where they are the first holder of that Supplier ID. This Modification proposes to allow a Supplier to apply for a fourth or more Supplier IDs through an application form submitted to the Panel.

This Assessment Procedure Consultation for P343 closes:

**5pm on Friday 16 September 2016**

The Workgroup may not be able to consider late responses.



The P343 Workgroup initially recommends **approval** of P343

This Modification is not expected to impact any participants

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## About This Document

The purpose of this P343 Assessment Procedure Consultation is to invite Balancing and Settlement Code (BSC) Parties and other interested parties to provide their views on the merits of P343. The P343 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 10 November 2016 on whether or not to approve P343.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC for P343.
- Attachment B contains the specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.

P343  
Assessment Procedure  
Consultation

31 August 2016

Version 1.0

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## 1 Summary

### Why Change?

Under [P106 'Amendment to the BSC to allow multiple Supplier Ids'](#) Parties are allowed to hold a maximum of three Supplier IDs when the Supplier is the first holder of those Supplier IDs. The Proposer believes this limit should be revised in order to promote competition and innovation in the market.

### Solution

P343 will allow a Supplier to apply for a fourth or more Supplier IDs through an application form submitted to the Panel.

### Impacts & Costs

P343 is not expected to require any implementation effort for any participants.

### Implementation

P343 is proposed for implementation on 23 February 2017 as part of the February 2017 BSC Systems Release.

### Recommendation

The Workgroup initially unanimously believes that P343 would better facilitate Applicable BSC Objective (c) and so should be approved.

### How many Supplier IDs can a single Supplier hold?

Approved Modification P106 acknowledged the concept of multiple Supplier IDs. Before P106, the Code did not explicitly forbid multiple Supplier IDs, but could have been interpreted as implying a single Supplier ID per Party. With P106, the number of Supplier IDs which a single Supplier may hold was increased under [Balancing Settlement Code \(BSC\) Section S1.3.5](#), but restricted to no more than three Market Participant Identifiers (MPIDs) where the Supplier is the first holder of such IDs. The key constraint identified at the time, by the Volume Allocation Standing Modification Group (VASMG), was that the Supplier Volume Allocation Agent (SVAA) system had a design limit of 200 Supplier IDs.

### What are the Licence Lite arrangements?

Licence Lite is an option available to new Suppliers entering the electricity market. Under these arrangements, the Supplier is exempt from becoming a direct party to the following Codes:

- the Master Registration Agreement (MRA);
- the Distribution Connection and Use of System Agreement (DCUSA);
- the Connection and Use of System Code (CUSC); and
- the BSC.

However, the new Supplier must instead make a commercial arrangement with a third party licensed Supplier (TPLS) before Ofgem can grant it a Licence Lite direction. The TPLS will wholly accept the delivery responsibilities, obligations and liabilities associated with the relevant industry codes, and will meet the regulatory and code compliance requirements on behalf of the Licence Lite Supplier.

### What is the issue?

The Proposer noted the use of multiple Supplier IDs has long been adopted as an efficient way for Suppliers to manage their internal business requirements, e.g. where a Supplier wishes to separate Half-Hourly (HH) and Non Half Hourly (NHH) volumes. Suppliers also may wish to hold additional Supplier IDs as an efficient way of managing volumes for a particular group of customers. In particular, in the case of customers supplied by a Licence Lite Supplier, it will be important that the relevant TPLS is able to uniquely identify such separate volumes in all relevant systems. This is best achieved by registering a separate Supplier ID for each Licence Lite Supplier associated with the TPLS. The electricity supply licence allows a TPLS to work with as many Licence Lite Suppliers as it wishes. However, the BSC currently limits the TPLS to only three separate Supplier IDs.

In addition, the SVAA software was designed in 1996/97 to support no more than 200 MPIDs. The Proposer believed that after 20 years the SVAA system should now be capable of supporting many more when running on modern hardware.



#### What is the difference between MPIDs and Party IDs?

A BSC Party ID is an alphanumeric identifier up to eight characters long, and is linked directly to the company which signed the BSC Accession Agreement. BSC Parties that operate within the Supplier Volume Allocation (SVA) arrangements (Suppliers & Distribution System Operators) will also have an MPID. This is a four alpha character ID and is registered within Market Domain Data (MDD), which maintains key information essential to the operation of the SVA arrangements.



#### Further information on Licence Lite

Further information on the Licence Lite arrangements can be found on the Licence Lite page of [Licence Lite](#).

### Proposed solution

P343 'Increase to the number of Supplier IDs that can be held by a Supplier' was raised by RWE Npower Group on 26 May 2016. It proposes to allow a Supplier to apply for a fourth or more Supplier IDs through an application submitted to the Panel. The Supplier would be required to submit an application to ELEXON, who would then present this to the BSC Panel. The Panel would then determine whether or not to approve the application, and if it approves the application then it will agree how many additional IDs to grant should the Supplier have applied for more than one.

The existing provisions for requesting and registering a Supplier's first three Supplier IDs will remain unchanged under P343.

### Legal text

The proposed changes to the BSC to deliver P343 can be found in Attachment A.

#### Assessment Consultation Question

Do you believe that the draft legal text delivers the intention of P343?

*Please provide your rationale.*

The Workgroup invites you to give your views using the response form in Attachment B

### Self Governance

At this stage, the Workgroup has not given an initial view on whether P343 should be treated as a Self-Governance Modification. We seek the views of respondents to this consultation on this area. The Workgroup will then provide a recommendation on this to the Panel as part of its Assessment Report.

#### Assessment Consultation Question

Do you believe that P343 would meet the Self-Governance Criteria and so should be progressed as a Self-Governance Modification?

*Please provide your rationale with reference to the Self-Governance Criteria.*

The Workgroup invites you to give your views using the response form in Attachment B

### Are there any alternative solutions?

The Workgroup does not believe there are any further solutions that would better facilitate the Applicable BSC Objectives than the Proposer's proposed solution. It is therefore not considering any potential Alternative Modifications at this time.

### Assessment Consultation Question

Do you agree that there are no other potential Alternative Modifications within the scope of P343 which would better facilitate the Applicable BSC Objectives compared to the Proposed Modification?

*Please provide your rationale and if 'No' please provide full details of your Alternative Modification(s) and your rationale as to why it/they would better facilitate the Applicable BSC Objectives than the Proposed Modification.*

The Workgroup invites you to give your views using the response form in Attachment B

## 4 Impacts & Costs

### Estimated central implementation costs of P343

The central implementation costs to implement P343 will be approximately £240 (one man day) in ELEXON effort to make the changes to BSC documentation. There will be no system changes and no impact on any BSC Agents.

### Indicative industry costs of P343

We do not expect any industry implementation impacts or costs for P343, but we seek confirmation of this as part of this consultation.

#### Assessment Consultation Questions

Will P343 impact your organisation?

*If 'Yes' please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of P343 and the P343 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.*

Will your organisation incur any costs in implementing P343?

*If 'Yes' please provide details of these costs, how they arise and whether they are one-off or on-going costs.*

The Workgroup invites you to give your views using the response form in Attachment B

### P343 impacts

#### Impact on BSC Parties and Party Agents

None anticipated in implementing this Modification. However, Suppliers would be able to register more than three Supplier IDs following implementation.

#### Impact on Transmission Company

None anticipated

#### Impact on BSCCo

BSCCo will need to administer and validate any applications received for further Supplier IDs, and present these to the Panel for approval.

#### Impact on BSC Systems and process

None anticipated

Impact on Code	
Code Section	Impact
Section S	Changes will be required to implement this Modification. <i>You can find the proposed changes in Attachment A.</i>

Impact on Code Subsidiary Documents	
CSD	Impact
BSCP65	Changes will be required to implement this Modification



## 5 Implementation

### Recommended Implementation Date

The P343 Workgroup is provisionally recommending an Implementation Date for P343 of **23 February 2017** (February 2017 Release).

The February 2017 Release is the earliest viable Release that P343 can target based on the current progression timetable.

#### Assessment Consultation Question

Do you agree with the Workgroup's recommended Implementation Date?

*Please provide your rationale.*

The Workgroup invites you to give your views using the response form in Attachment B

### **What is the benefit of increasing the number of Supplier IDs per Party?**

The Workgroup discussed the potential benefits of increasing the number of Supplier IDs which a Supplier may hold. The Workgroup argued why additional Supplier IDs are necessary for Licence Lite when a Supplier can already offer TPLS services and manage this internally (i.e. without requiring a separate Supplier ID for a Licence Lite Supplier).

The Proposer believes that registering an additional Supplier ID under Licence Lite arrangements give the TPLS better visibility of its portfolio and Licence Lite Suppliers registered. Under this approach, a TPLS will have distinct separation of the data for each Licence Lite Supplier that it services, except at the Energy Account or Party ID level (e.g. Energy Contracts, Credit, and Trading Charges). The Workgroup agreed that the ability to identify and separate Licence Lite volume from the others will increase the availability of information and, as a consequence, facilitate the competition in the market.

### **What is the limit of the SVAA system?**

The Workgroup discussed the capacity of the SVAA system. The Service Provider noted that the SVAA system is composed by a flat-file database hierarchically organised. An increase in the number of Supplier IDs per Party will affect the size of the files which are sent by the Data Aggregator and the time necessary to assimilate these files. ELEXON noted that the VAR needs around 15 minutes to complete, however the production of output reports to Suppliers and Distributors can take around 8 hours. The increase in Supplier IDs will expected to increase this production time further. The Workgroup discussed the impact of P343 on the SVA backup, which now takes around 10 hours. They concluded that a growth in the number of Supplier IDs will greatly increase also the time of the backup.

### **Could there be any unintended consequences in an increase in the number of Supplier IDs per Supplier?**

The Workgroup discussed the possible cost of allowing many additional Supplier IDs and BM Units in the market. The Proposer noted that the main constraint in the increase of the number of Supplier IDs per Party is the limited SVAA System. The Service Provider confirmed that there is a SVAA design limit of 200 Supplier IDs. The Workgroup discussed if this limit is a technical limitation or prudent planning. The Service Provider acknowledged that there is not a technical limit of 200 Supplier IDs, rather an estimation of when performance of the system may suffer. Based on BM Units, currently there are around 130 Supplier IDs associated with around 110 Party IDs. This has increased from around 80 Supplier IDs and 60 Party ID four years ago.

The Workgroup noted that there is a risk not only of Parties applying to have more than 3 Supplier IDs but also of Parties registering up to three without requiring an application to the Panel. ELEXON has estimated that a further 210 Supplier IDs could be registered by around 110 Parties without requiring an application under the proposed process, resulting in a total far exceeding the 200 Supplier ID limit in SVAA.

We noted that it will be necessary to perform a proper stress testing to define the technical limit of the SVAA system, however we may not be in a position to undertake this work for a year or so due to technical resources and upgrade plans.

## What are the short and long term options?

The Workgroup agreed there is a long term issue related with the limitations with the SVAA System. In the short term, the Workgroup agreed to allow Parties to apply any additional Supplier IDs beyond their existing allowance of three through an application form submitted to the BSC Panel. The Panel would then decide whether to accept this request based on agreed criteria and look for a recommendation from ELEXON and its Service Provider to establish if the system would be able to cope with the additional MPIDs.

The Workgroup agreed that this would be an interim solution which can be agreed and implemented. Members considered that it would allow Parties who wanted to apply for further Supplier IDs, but would introduce a check and balance to ensure the system was not flooded with Supplier IDs in the short term. After our investigation work has been completed, it will be possible to raise another Modification to further review the actual limitation of three Supplier IDs per Party established under P106 and put in place an enduring solution.

### Assessment Consultation Questions

Would you seek to apply for additional Supplier IDs if the P343 arrangements were put in place?

*Please provide your rationale.*

The Workgroup invites you to give your views using the response form in Attachment B

## BSC Panel criteria

The Workgroup discussed the criteria which the Panel should use to make a decision on whether or not to approve the request for additional Supplier IDs. The Workgroup agreed the criteria should include:

- evidence of what innovations and/or enhanced competition (as per the BSC objective C) the additional MPIDs will be used for; and
- evidence of the SVAA System's capacity to support additional MPIDs.

### Assessment Consultation Question

Do you agree with the Workgroup's proposed criteria?

*Please provide your rationale and, if you have any, please provide any further criteria you believe the Workgroup should consider.*

The Workgroup invites you to give your views using the response form in Attachment B



### Does P343 better facilitate the Applicable BSC Objectives?

The Workgroup unanimously agrees with the Proposer that P343 will better facilitate Applicable BSC objective (c), as increasing the number of Supplier IDs Parties could hold would allow Parties to fully participate in the Licence Lite arrangements as well as promoting opportunities to develop further initiatives and innovations.

#### Assessment Consultation Question

Do you believe that P343 would better facilitate the Applicable BSC Objectives compared to the current baseline and so should be approved?

*Please provide your rationale with reference to the Applicable BSC Objectives.*

The Workgroup invites you to give your views using the response form in Attachment B

#### What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity 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 of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

## Appendix 1: Workgroup Details

### Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P343 Terms of Reference

Should there still be a limit on the number of Supplier IDs which a single Supplier may hold, and if so then what should this limit be?

Could there be any unintended consequences in an increase in the number of Supplier IDs per Supplier?

Should P343 be progressed as a Self-Governance Modification?

What changes are needed to BSC documents, systems and processes to support P343 and what are the related costs and lead times?

Are there any Alternative Modifications?

Does P343 better facilitate the Applicable BSC Objectives than the current baseline?

### Assessment Procedure timetable

#### P343 Assessment Timetable

Event	Date
Panel submits P343 to Assessment Procedure	09 Jun 16
Workgroup Meeting 1	04 Aug 16
Assessment Procedure Consultation	31 Aug 16 – 16 Sep 16
Workgroup Meeting 2	W/B 19 Sep
Panel considers Workgroup's Assessment Report	10 Nov 16

## Workgroup membership and attendance

P343 Workgroup Attendance		
Name	Organisation	04 Aug 16
Members		
David Kemp	ELEXON ( <i>Chair</i> )	✓
Giulia Barranu	ELEXON ( <i>Lead Analyst</i> )	✓
Richard Vernon	Npower Limited ( <i>Proposer</i> )	☎
Andrew Colley	SSE	☎
Chris Welby	Bristol Energy & Technology Services (Supply) Limited	✗
Gregory MacKenzie	British Gas	☎
Kristian Pilling	SSE	☎
Phil Russell	Independent	☎
Attendees		
Elliott Hall	ELEXON ( <i>Design Authority</i> )	✓
Steve Francis	ELEXON ( <i>Design Authority</i> )	☎
Nicholas Brown	ELEXON ( <i>Lead Lawyer</i> )	✗
Sarah Ross	ELEXON	✓
Kevin Baillie	Ofgem	☎

## Appendix 2: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BM	Balancing Mechanism
BSC	Balancing and Settlement Code ( <i>industry Code</i> )
CUSC	Connection and Use of System Code ( <i>industry Code</i> )
DCUSA	Distribution Connection and Use of System Agreement ( <i>industry Code</i> )
IWA	Initial Written Assessment
MDD	Market Domain Data
MPID	Market Participant Identifier
MRA	Master Registration Agreement ( <i>industry Code</i> )
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent ( <i>BSC Agent</i> )
TPLS	Third Party Licensed Supplier
VASMG	Volume Allocation Standing Modification Group

### External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	P106 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p106-amendments-to-the-bsc-to-allow-multiple-supplier-ids/">https://www.elexon.co.uk/mod-proposal/p106-amendments-to-the-bsc-to-allow-multiple-supplier-ids/</a>
4	BSC Sections page on the ELEXON website	<a href="https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/">https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/</a>
4	Licence Lite page on the Ofgem website	<a href="https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-lite">https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-lite</a>
5	P343 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p343/">https://www.elexon.co.uk/mod-proposal/p343/</a>